2019

UNIVERSAL REGISTRATION DOCUMENT

Annual financial report included

cegedim

Universal Registration Document

Including the annual financial report

This Universal Registration Document has been filed on March 31, 2020 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.
The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

Copies of the Registration Document are available for free from Cegedim SA at 137, rue d'Aguesseau, 92100 Boulogne-Billancourt, France, and on the website: www.cegedim.com/finance

This is a free translation into English of the "Universal Registration Document 2019" issued in French and is provided solely for the convenience of English speakers readers. This document should be read in conjunction with, and construed in accordance with, French law professional auditing standards applicable in France.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

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01

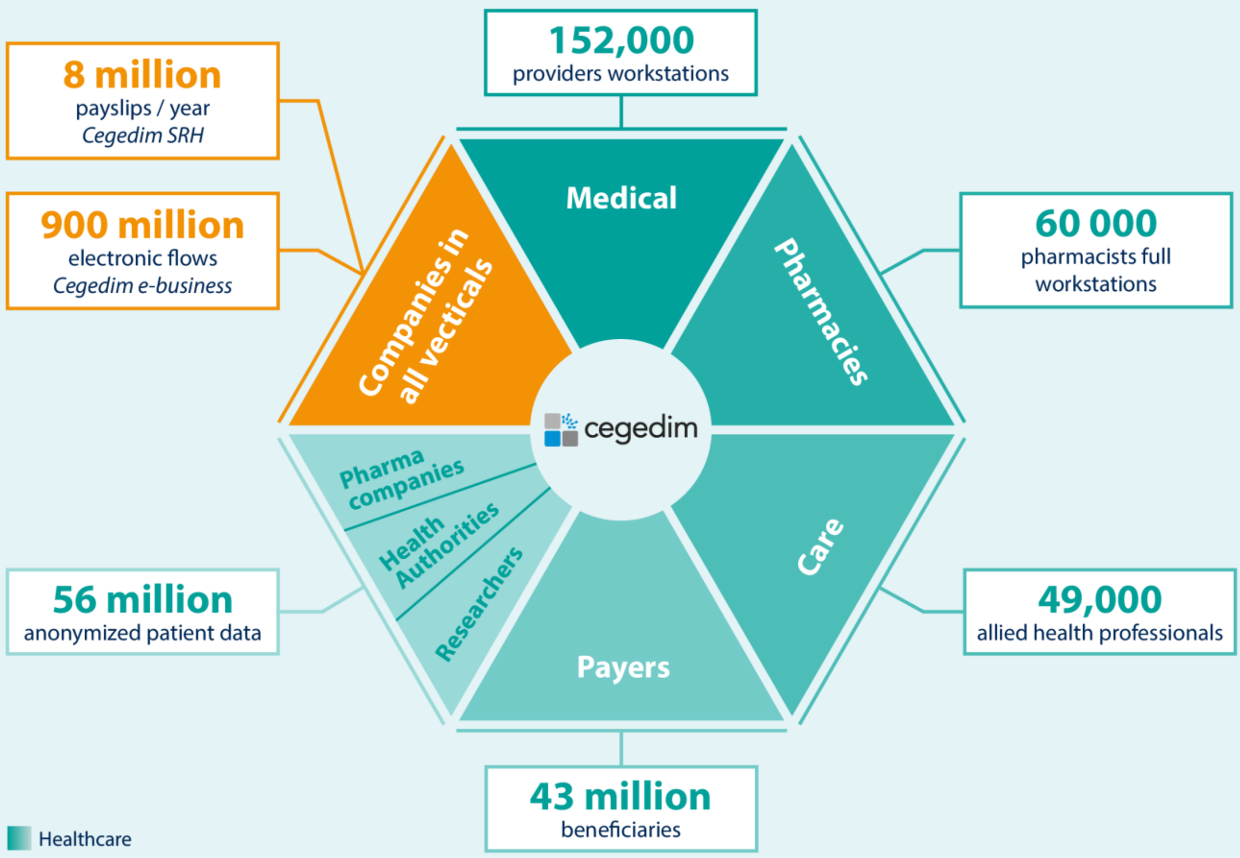
The Group

1.1 Cegedim : The big picture

Cegedim ecosystem

Cegedim: data, digital, and network technology experts. Cegedim is specialized in healthcare sector and B2B digital data flow management, and in business software for healthcare and insurance professionals. The Group is also active in human resources management and digitization services for all types of industries.

Cegedim generated revenue of €503.77 million in 2019 and has over 5,000 employees in more than 10 countries.



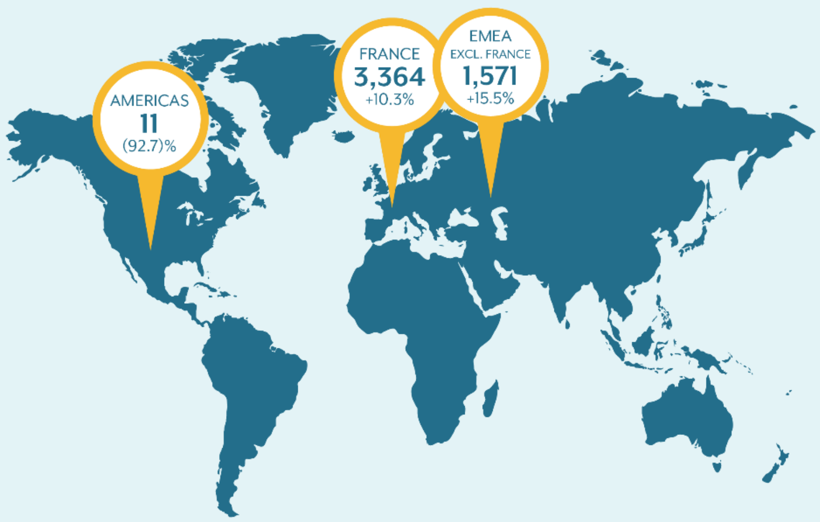
Cegedim: Employees

Employees by divisions

On December 31, 2019, the Cegedim Group employed 4,946 people worldwide. Thus, the total number of employees increased by 384 people, or 8,4%, compared to the end of December 2018 (4,562 people).

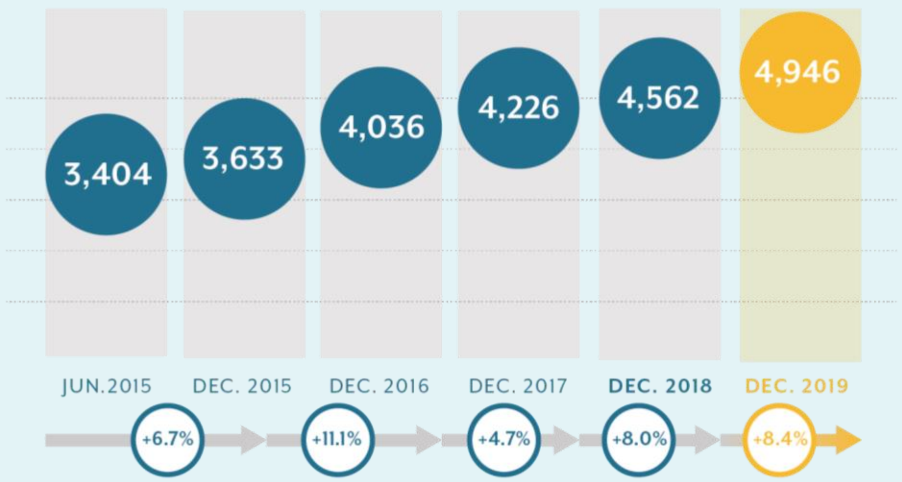
Breakdown of employees by region

In August 2019, Cegedim announced that it had sold nearly all of the business activities of Pulse Systems Inc. Under the terms of the sale, many of Pulse's personnel were transferred to the buyer.



Workforce growth over five years

Between June 2015 and December 2019, the total number of employees increased by 1,542 people, or 45.3%.



Cegedim's business group description

Health insurance, HR & e-services

Cegedim Insurance solutions

Computerization of health insurers and mutuals
Cegedim Activ

International division
Activus

BPO (Flows, electronic payment & management services) and Others services
Cetip
Cegedim Assurances conseil

HR

Outsourced payroll & Human Resources Management
Cegedim SRH
Rue de la Paye
Cosytec

Digital

Health Digital displays
Cegedim-Média
Futuramedia

e-promotion
MedExact

Cegedim e-business

Digitalization
SY by Cegedim
SY GN
SY Data
Careweb
Ximantix
BSV
NetEDI

Cegedim Health Data

Data and analytics for the healthcare market
THIN
GERS Data
Cegedim Customer Information

Other Services

Critical application and Health data hosting
Cegedim.cloud

Integration & services
Cegedim Outsourcing
Cegedim Service Center

Healthcare professionals

Software for pharmacists
Smart Rx
Cegedim Rx (UK)
Cegedim RX (Romania)

Software for doctors
Cegedim Logiciels Médicaux
INPS
HDMP
Millennium
Stacks

Telemedicine and appointments booking
Maiia

Software for allied health professionals
RM Ingénierie

Medication database
RESIP (BCB)

Corporate & others

Corporate support

Management of medical samples and promotional material
Pharmastock

2019 Performance at a glance

Operations

€503.7m Revenue **2018: €467.7m** 2017: €457.4m **+7.7% | +7.0%** Growth rate[2] reported | LFL[1]	**€37.1m** Recurring Operating Income[1] **2018: €33.1m** 2017: €37.4m **+12.2%** Growth rate[2]	**€0.2** EPS **2018: €0.4** 2017: €0.8 **(53.0)%** Growth rate[2]

Financial resources

€82.5m Cash flow after cost of net financial debt and taxes **2018: €52.9m** 2017: €78.8m	**€62.4m** Capital expenditures excluding acquisitions/ disposal **2018: €76.7m** 2017: €59.9m	**€180.6m** Net financial debt excluding the IFRS 16 debt **2018: €108.0m** 2017: €236.2m

Human resources

4 946 Employees **2018: 4 562** 2017: 4 226	**1,465** New hires **2018: 1,508** 2017: 1,115	**12.3%** Payroll expenses for the R&D workforce as a percentage of consolidated revenue **2018: 12.5%** 2017: 12.1%

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
(2) Compared with the same period last year
See more details on performance in Chapter 3 "Overview of the financial year ».

Operating performance by division

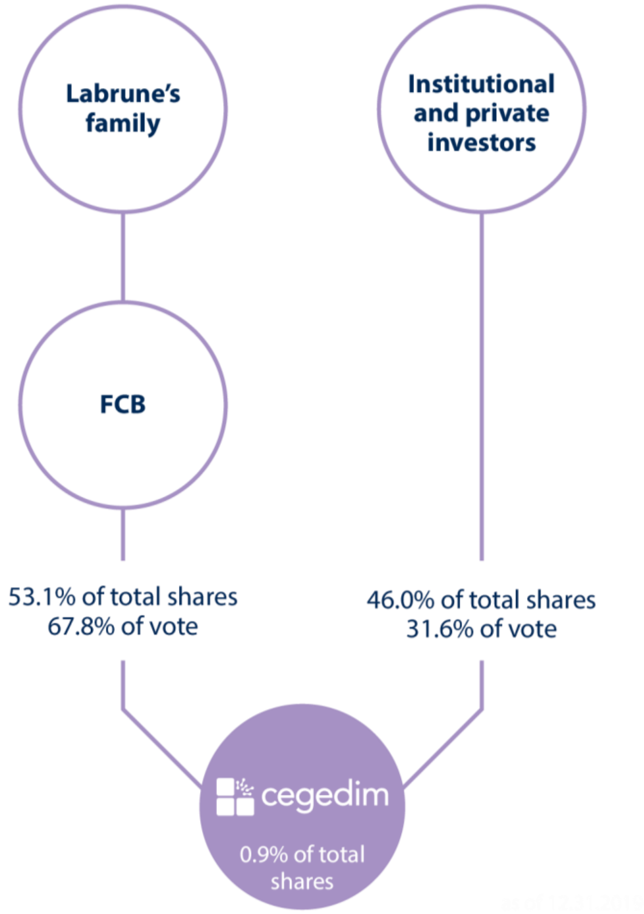
Health Insurance, HR & e-services	Healthcare professionals	Corporate & others
67.6% of consolidated FY 2019 revenues	**31.7%** of consolidated FY 2019 revenues	**0.7%** of consolidated FY 2019 revenues
€340.5m Revenue	**€159.8m** Revenue	**€3.4m** Revenue
+10.7% | +8.6% Growth rate[2] reported | LFL[1]	**+2.3% | +4.2%** Growth rate[2] reported | LFL[1]	**(10.2)% | (10.2)%** Growth rate[2] reported | LFL[1]
€34.5m Recurring Operating Income[1] (REBIT)	**€5.3m** Recurring Operating Income[1] (REBIT)	**€(2.7)m** Recurring Operating Income[1] (REBIT)
10.1% REBIT[1] margin	**3.3%** REBIT[1] margin	**(79.0)%** REBIT[1] margin
3,029 Employees	**1,577** Employees	**340** Employees
Breakdown of revenue by currency	Breakdown of revenue by currency	Breakdown of revenue by currency
97% Euro, **3%** GBP, **1%** Others	**67%** Euro, **25%** GBP, **8%** Others	**100%** Euro, **-** GBP, **-** Others

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
See more details on performance in Chapter 3 "Overview of the financial year ».

Shareholder Structure

Cegedim is controlled by FCB and Jean-Claude Labrune. Cegedim SA is the only Group company listed. Cegedim is listed on Euronext (since 1995) and does not belong to another group.

FCB is a French public limited company (Société anonyme or SA) with a Supervisory Board and a Management Board with capital of €475,560 (registered in the Trade and Companies Register of Nanterre 340 651 132). The majority of its capital is held by Jean-Claude, Laurent and Aude Labrune. It is an active holding company. Cegedim own 1% treasury shares.



A brief history of the Group structure

1969
Jean-Claude Labrune founds Cegedim (CEntre de GEstion, de Documentation, d'Informatique et de Marketing) to provide IT solutions for the healthcare sector.

1972
Creation of the first computerized database of doctors.

1979
Launch of the CRM division in France.

1990
International expansion begins.

1991
Launch of the first electronic data interchange platform.

1994
Launch of computerization solutions for doctors in France, for promotional efforts aimed at doctors and pharmacists, and for HR management.

1995
IPO on the Paris Stock Exchange's Secondary Market. Cegedim is currently listed on Euronext Paris, Compartment B.

1997
Launch of the Claude Bernard Database (French acronym BCB), the first computerized drugs database.

1999
Computerization of health insurance and mutual health insurance companies.

2007
Acquisition of Dendrite International, Cegedim becomes the world leader in pharma industry CRM.

2015
Sale of CRM and Strategic Data division to IQVIA.

2015-2018
First phase of the business model transformation: Strategic repositioning by moving our offering on SaaS and developing Cloud, Digital and BPO offering.

2018-2020
Second phase of the business model transformation: Maintain steady sustainable profitable growth momentum.

Events in 2019 are presented in Chapter 4, Consolidated Financial Statements Annexes, Note 3 of this document.

1.2 Activities

Health insurance, HR and e-services business group activities

This business group comprises the following activities:

- Cegedim Insurance Solutions;
- HR;
- Digital;
- Cegedim e-business;
- Cegedim Health Data;
- Other services.

CEGEDIM INSURANCE SOLUTIONS

Computerization of health insurers and mutuals

Cegedim Activ - France

More than 43 million beneficiaries in France are managed with its solutions, making Cegedim Activ the leader[1] in individual health insurance software and services (supplemental health plans, mandatory health plans, and personal protection plans), software and services dedicated to personal insurance (supplemental health plans, mandatory health plans, and personal protection). It designs and sells products to all kinds of market operators: insurance companies, mutuals, provident institutions, and intermediaries.

Cegedim Activ uses its expertise in personal insurance to work closely with its customers, helping them create innovative offers and optimize profitability. In this regard, Cegedim Activ has a unique combination of know-how: experienced employees, access to the latest technologies, and an offer that includes consulting, system integration, IT facilities management, and healthcare data flow management services.

Activus – International division

With UK health and personal protection insurance software publisher Activus, Cegedim Insurance Solutions has become one of the world leaders[2] in domestic and expatriate markets (Europe, United States, Asia-Pacific, Africa), and supports the world's largest health insurance groups operating in several countries.

This company became the international division of Cegedim Insurance Solutions.

(1) According to our in-house estimates, Cegedim Activ's customers managed more than 43 million beneficiaries in 2019 and 2018, making it the market leader.

(2) Activus is one of the leading players in terms of the number of policyholders managed with its solutions, according to our in-house estimates.

CEGEDIM INSURANCE SOLUTIONS

Business Process Outsourcing (Payment flows, direct billing, and outsourced management services) and Other Services

Cetip - France

In 2019, Cetip consolidated its position as leader[3] in third party payments management through its brands SP Santé and iSanté. It is currently processing over 201 million third-party healthcare payer invoices for more than 22 million beneficiaries and paying out over 3.2 billion benefits per year.

Under its iGestion brand, Cetip offers outsourced management services in supplemental health and personal protection insurance to insurance companies, provident institutions, mutuals, and intermediaries. 940,000 beneficiaries are managed with its services.

Cegedim Assurances Conseil – France

In January 2020, a new activity of organization and management consultancy was launched, based on an intrapreneurial business model. This new structure supports insurance sector players with their innovation and transformation projects in all segments (property and casualty, savings and retirement, health and personal protection, loan protection). A team of consultants comprises experts with concrete experience of both the insurance sector and the consulting business.

(3) According to in-house estimates, the Cetip handled more than 201 million of third-party payment flows in 2019, thus establishing the company as market leader (as in 2018, with 198 million).

CEGEDIM INSURANCE SOLUTIONS BPO and Other Services (following)	They offer services in a wide range of fields: • Transformation and change management, • Operational efficiency, • Regulatory compliance, • Innovation and digitalization of customer journeys. They also offer specific insurance broker management services.
HR Outsourced payroll and HR management	**Cegedim SRH – France, Switzerland and Morocco** Cegedim SRH offers Human Resources departments TEAMS^{RH}, a complete, modular HRIS platform via SaaS. It covers a wide range of functions: payroll, personnel administration, time management, HR indicator monitoring, career and skills management, HR analytics, and HR process and document digitization. This innovative solution can be coupled with partial processing or full business process outsourcing (BPO) services, provided either locally (in Boulogne, Nantes, Lille, Lyon, Toulouse, Vichy, and Montargis) or offshore via the business and technical service centers (in Bucharest and Rabat). **Rue de la Paye - France** Thanks to the 2018 Rue de la Paye acquisition, Cegedim SRH has expanded its services to very small businesses, SMEs, and certified public accountants. It has consolidated its position as a key player in the HR Cloud sector with outsourced payroll and HR solutions that suit every type of company. The major advantage Cegedim SRH offers its clients is a shared HRIS platform. **Cosytec – France** Cosytec joined Cegedim SRH in July 2019, adding unique expertise in constraint programming to its comprehensive, coherent HRIS platform, TEAMS^{RH}.
DIGITAL Health digital displays	**Cegedim-MEDIA (C-Media) - France** C-Media is a leader[4] in communications in pharmacies and health and wellness shops, and offers brands sold in pharmacies 360° solutions to create an innovative shopping experience. C-Media takes a unique approach to point-of-sale media based on: - A detailed assessment of each point of sale's media potential; - A team of "point-of-sale media" consultants; - An integrated production studio; - A 4,500m2 production site that makes and dispatches printed materials, and includes large-format digital printing and cutting. - Quality execution thanks to a unique network of 130 sales reps, 1,400 digital window displays, and 6,500 indoor screens; - Objective measurement of campaign effectiveness; **Futuramedia - France** Futuramedia is a Cegedim Group company specialized in DOOH (Digital Out Of Home) solutions retailers since 2004. It develops digital display solutions for both consortiums and independents in the health (pharmacies, health & wellness stores, doctors, opticians, etc.) and beauty sectors (perfume shops, hairdressers, cosmetics retailers, etc.). Futuramedia offers turnkey solutions that include: - Renting hardware and software, - Installing devices, - Maintenance and after-sales service. Futuramedia also develops digital communication solutions for the Group's entities. *(4) According to in-house estimates, C-MEDIA is leader in communications in pharmacies and health and wellness shops in terms of number of pharmacies covered by its display network (in 2019 and in 2018).*

DIGITAL
e-promotion

MedExact – France

MedExact offers doctors, pharmacists, and allied health professionals equipped with Cegedim software a variety of digital marketing tools.

CEGEDIM E-BUSINESS
Digitization

A paperless solutions specialist since 1989, **Cegedim e-business** designs, develops, and markets invoice digitization, probative value storage offers, and EDI. This business unit develops and markets the following products and services: SY by Cegedim, Hospitalis, SY Pharma, Diagdirect, and Careweb.

This business started with the Edipharm system for pharmacies, wholesale distributors, and pharmaceutical companies, but quickly expanded beyond the healthcare market and developed rapidly in all business sectors.

With its **SY by Cegedim** offering, Cegedim e-business helps companies with their digital transformation with a collaborative solution for the digitization of business, accounting, financial, and communication data flows, for both companies and their business partners.

The solution is structured around the following modules:

SY Flow: digitization of contract-to-pay process

SY Flow offers a full range of services for the digitization of all administrative documents and all stages of the contract-to-pay process from a single portal.

Cegedim e-business has also developed specific SY Flow applications for the health sector:

- **Hospitalis**: an information and data exchange portal that private and public healthcare institutions and their suppliers can use to digitize all supply chain flows and invoices.
- **Diagdirect**: an order and invoice digitization portal for the in-vitro dignostics industry. Diagdirect is an Economic Interest Group (EIG) comprising 24 leading in-vitro diagnostic companies and 3 inventory management software publishers.
- **SY Pharma:** a comprehensive remote sales management service that enables pharmaceutical companies to sell direct to pharmacies: online sales, telesales via call centers, invoicing, and electronic document management (EDM).

SY GN

SY GN is an electronic signature and a workflow solution that helps companies streamline their business transactions and improve teamwork between their departments.

SY Data

SY Data allows companies to track and control their business in real time with dynamic dashboards, and use their data to improve performance.

Careweb

Careweb centralizes electronic claims submitted by pharmacies and sends them to the appropriate mandatory and supplemental health insurers.

ACQUISITIONS AND INTERNATIONAL

In 2019, Cegedim e-business significantly boosted its ability to serve clients, especially outside France, by acquiring **BSV**, the leading provider of invoice digitization solutions to French municipalities; **Ximantix**, Germany's midmarket document digitization specialist, and **NetEDI**, a UK leader in electronic order and invoice solutions.

Cegedim e-business now operates out of six countries (France, Germany, the United Kingdom, Belgium, Romania, and Morocco) and can help its clients digitize processes between several countries and address their local needs. With these acquisitions, Cegedim e-businesses has bolstered its long-standing e-invoicing services in 64 countries.

CEGEDIM HEALTH DATA

Data and analyses for the healthcare market

Cegedim Health Data is the umbrella entity that manages all the "Data" activities that serve health authorities, healthcare professionals, researchers, companies and healthcare industry partners.

It operates out of our headquarters and coordinates country initiatives. Patients are its key focus, and it provides a unique range of real-life, anonymized patient healthcare data[5] with its THIN (The Health Improvement Network) database, as well as services and consulting for Europe's various health system players. Given the highly scientific and innovative nature of its work (secured real-life data, data analysis tools, and artificial intelligence) for patients and health professionals, Cegedim Health Data is considered a benchmark player by European health authorities and researchers.

THIN's anonymized, proprietary longitudinal patient healthcare data goes back to 1994 in France and the United Kingdom, and is used by the pharmaceutical industry, health researchers, and academics. It is a reference for health authorities in France and the UK.

Cegedim Health Data is present in Germany, Belgium, Spain, France, Italy, Romania, and the UK.

GERS Data – France

GERS Data, the French branch of the data business, is a key player in the health data market. Its unique data collection system covers the entire distribution network of private practices, pharmacies, and hospitals, and all healthcare professionals.

GERS Data provides real-time procurement, inventory, and sales data (available geographically for France as a whole and also for each autonomous geographic entity (UGA)), market monitoring data, health product consumption data, ad hoc research and anonymized real-life patient data (THIN), to meet the needs of all players in every segment of the healthcare industry (medication, medical equipment, over-the-counter drugs, nutrition, dermocosmetics, veterinary products, dietary supplements and natural health).

The reliability and accuracy of its data mean GERS Data is recognized as a reference by the health authorities, trade unions, and academics.

Cegedim Customer Information - Romania

Cegedim Customer Information, Romania entity of the data business, supplies sales data, real world patient data[5] and analytics of pharmaceutical products in that country through a broad line of products and services based on pharmacies, physicians and hospitals' data.

Cegedim Health Data – United Kingdom

Cegedim Health Data UK supplies sales and real world patient data[5] extracted from the pharmacists' and physicians' software, advanced analytics to the all-healthcare stakeholders.

(5) According Real world patient data fully anonymized compliant with the law.

OTHER SERVICES

Critical applications and health data hosting

Cegedim.cloud - France

Cegedim has extensive experience in managed services and hosting for healthcare professionals, pharmaceutical companies, insurers, and supplemental health insurers. It is also a specialist in the management of financial flows and digitized documents.

To handle these strategic and sensitive activities, the Group's teams have developed specific expertise and technical infrastructures, under the Cegedim.cloud trademark, that meet some of the highest security standards and have obtained several certifications (French Health Data Hosting, ISO 27001, and ISO 20000 certifications, ISAE3402 standard, etc.).

Cegedim offers a complete range of cloud hosting and management services. They meet the performance, safety, and accessibility standards required to run critical applications and process sensitive data.

OTHER SERVICES
Integration and services

Cegedim Outsourcing - France and Morocco

IT infrastructure and Business Process Outsourcing (BPO) specialist Cegedim Outsourcing serves businesses of all sizes through its two divisions:

- The “IT Services” division provides: high value-added technology integration solutions (centralized user management solutions, hyperconvergence, unified collaboration); outsourcing and managed services (management of all or part of the infrastructure, Tier 2 and Tier 3 user support); and IT assistance. The customers include well-known companies such as IVANTI, SentinelOne, Nutanix, VMWare, Citrix, and Microsoft.
- The “BPO-Customer Relations” division offers digitization, contact center, and back office services. With its partner VOCALCOM, Cegedim Outsourcing delivers an omnichannel offer that combines state-of-the-art technology, integration, and high-security hosting services.

Cegedim Service Center - Romania

Created in 2017, Cegedim Service Center supplements the services offered by Cegedim Group's subsidiaries with a high value-added nearshore service for BPO & customer relationship management:

- Back-office data processing;
- Payroll management and administrative tasks;
- HR technology consulting;
- An advice hotline;
- A technical support helpdesk.

Healthcare professionals business group activities

This business group comprises the following activities:

- Software for pharmacists (Smart Rx in France, Cegedim Rx in UK and Romania);
- Software for doctors (CLM in France, INPS/Vision in UK, HDMP in Belgium, Millennium in Italy, and Stacks in Spain and In Chile);
- Telemedicine and appointments booking solutions (Maiia in France);
- Software for allied health professionals (RM Ingénierie in France);
- Drug databases (Resip/ BCB Database in France).

SOFTWARE FOR PHARMACISTS

Smart Rx – France

Smart Rx, Cegedim's French pharmacy software business has over 30 years' expertise in pharmacy IT solutions. It develops and markets comprehensive and integrated software solutions, and supplies appropriate computer hardware.

Smart Rx delivers cutting-edge technological innovations, and meets its customers' professional needs with scalable, high value-added solutions.

The new challenges created by business and regulatory models like the shared medical file (Dossier Medical Partagé), the medication review, patient adherence monitoring, serialization, generic substitution goals, telemedicine, ... are just some of the reasons why IT tools will evolve in the short or medium term.

SOFTWARE FOR PHARMACISTS

Cegedim Rx - United Kingdom

Cegedim Rx continues to be the leading(6) supplier of Pharmacy software solutions and computer services in the United Kingdom, with 35.7% of the pharmacy market which incorporates 14,045 pharmacies across England, Scotland, Wales & Northern Ireland. Its solutions include Pharmacy Manager and Nexphase Patient Medication Record (PMR) systems, which process over 720 million electronic prescription messages every year.

Cegedim Rx is also a leading(7) supplier of cloud-based systems to support the claims administration and performance management of locally commissioned patient services in community pharmacy and optometry in the United Kingdom. Three solutions are provided through its Healthi IT platforms: Healthi-Services and Healthi-ServicePact for pharmacy services and Healthi-OptoManager for optometry services.

Cegedim Rx offers products and solutions for computer hardware, distribution and engineering, secure networks, support and training for users, and the sale of consumables.

(6) According to our in-house estimates, Cegedim Rx equipped over 35.7% of the UK's 14,045 pharmacies in 2019, and is therefore the market leader(as in 2018, with 38% of the market, then estimated at 14,400 pharmacies). Market figures exclude prisons, universities and appliance contractors.
(7) Following the integration of Webstar.

SOFTWARE FOR PHARMACISTS

Cegedim Rx - Romania

Cegedim Rx develops and provides software solutions and related services for healthcare professionals in Romania. It is the country's leading(8) software provider for pharmacies, pharmacy chains and individual practices.

(8) Cegedim Rx Romania equipped more than 37% of the pharmacists in this country in 2019 (as in 2018), thus establishing the company as market leader.

SOFTWARE FOR DOCTORS

Cegedim Logiciels Médicaux (CLM)- France

CLM offers solutions for doctors, hospital practitioners, health clinics, multidisciplinary health centers and communities of regional healthcare professionals (Communautés Professionnelles Territoriales de Santé, or CPTS).

- **software for private practitioners (GPs and specialists):** MLM (monLogicielMedical.com), Crossway and MédiClick enable easy, efficient management of patient records, appointments and billing, and have all the certifications required by the Convention Médicale (French national agreement between practitioners and the national social security system);
- **software for multidisciplinary health centers and CPTS:** MLM and Crossway, which obtained the *Agence Numérique Santé* MCS e-health accreditation, offers healthcare professionals working together in the same establishment (doctors, allied health professionals, and pharmacists) management, information sharing, mobility, and communication tools suited to this type of working arrangement;
- **software for health clinics:** Crossway and MLM, which are both the *Agence Numérique Santé* MCS e-health V2 certified, coupled with a direct billing management solution, offer health clinics an efficient financial, medical, administrative, and dental management solution;
- **software for hospital practitioners who also have private practices:** the online solution MLM meets the requirements of hospital directors and information system directors (who want software that is easy to roll out) and practitioners (who want comprehensive software that is eligible for the "forfait structure" financial incentive to modernize and computerize their practices).

SOFTWARE FOR DOCTORS

INPS - United Kingdom

INPS is in the latter stages of its technology redevelopment, aimed at increasing its market share and establishing itself as **the leading provider of interoperable Applications (APPs) to the "Primary Care" sector in the United Kingdom** with its latest Vision Anywhere Products.

In the United Kingdom there are national IT programmes, driven separately by the National Health Service (NHS) in each of the four countries (England, Scotland, Wales, and Northern Ireland) that regulate and require INPS to continually develop and adapt Vision to meet the requirements for interoperability between healthcare professionals and healthcare organisations and that facilitate simpler clinically safe interactions with patients.

The Vision3 and Vision Anywhere clinical application is used by approximately 5,500 primary care doctors working at around 1,030 primary care centres in the United Kingdom.

SOFTWARE FOR DOCTORS

HDMP - Belgium

HDMP is **the second-leading[9] player in the electronic patient record market for general practitioners in Belgium** with Health One. It is also very active in out-of-hours care, prevention centers, and nursing homes, with more than 3,100 customers.

(9) According to our in-house estimates, HDMP was Belgium's second-leading player in 2019 (as in 2018) in terms of the number of customers.

SOFTWARE FOR DOCTORS

Millennium - Italy

Millennium, 49% owned by Cegedim, **is Italy's leading[10] medical software publisher**, with Millewin installed on more than 18,000 customers. Millennium continues to strengthen its regional presence also by the other publisher Mediatec (subsidiary at 40%) focused on General Practitioners. Millennium now directly or indirectly equips about 24,000 physicians, with more than 50% of the market share with Italian General Practitioners.

(10) According to our in-house estimates, Millennium and its subsidiaries equipped more than 24,000 doctors' in Italy in 2019, and is therefore the market leader (as in 2018).

SOFTWARE FOR DOCTORS Stacks - Spain and Chile	**Stacks** analyses, designs, and develops information systems for the healthcare sector. **It is Spain's leading(11) doctor software publisher with more than 30,000 users.** Stacks also offers healthcare professionals consulting and technical services (it identifies, adapts, and integrates solutions). This involves working with specialized firms on complex technological transformation projects. Its products are designed for: - Hospitals, - Primary care centers, - Insurance companies, - Multidisciplinary clinics. Stacks has its own sales network across all of Spain and also operates in Chile, South America. *(11) According to our in-house estimates, Stacks is the market leader in Spain in 2019 (as in 2018) in numbers of users/region.*
TELEMEDICINE AND APPOINTMENTS BOOKING Maiia (formerly Docavenue) - France	**Maiia** (merger of Docavenue and RDVMédicaux) is a key player in the e-health assistance market. It offers two core services: - An online appointment scheduling platform for patients, - Remote consultation, with or without an appointment, for patients who are alone or assisted by another healthcare professional (pharmacist, nurse, etc.). These services are free of charge for patients, who only pay the standard consultation fee. The healthcare professionals take out no-commitment subscriptions to either or both of the two offers. Maiia was co-designed with and for all the healthcare professions: doctors, pharmacists, nurses, allied health professions, etc.). It can also be used by all France's healthcare structures: multidisciplinary health centers (Maisons de santé Pluridisciplinaires (MSP)), communities of regional healthcare professionals (Communauté Professionnelle Territoriale de Santé (CPTS)), nursing homes for dependent elderly people (Etablissement d'Hébergement pour Personnes Agées Dépendantes (EHPAD)), and both public and private hospitals.
SOFTWARE FOR ALLIED HEALTH PROFESSIONALS RM Ingénierie - France	**RM Ingénierie products are designed for every sort of allied health professional:** nurses, physical therapists, speech therapists, orthoptists, podiatrists, midwives, etc. RM Ingénierie, has been innovating since 1984, when it designed the first practice management software for physical therapists. Today, the company makes the TwinTab tablet computer, which has two smart card readers. Its Simply Vitale and EKO4000 software use this technology to offer unrivalled mobility solutions. RM Ingénierie solutions are used by over 49,000 practitioners.
MEDICATION DATABASE RESIP / BCB - France	**RESIP (Research and Studies in Professional Information Systems)** allows healthcare professionals access to the **Claude Bernard Database (French acronym BCB)**, a scientific database to help them prescribe and fulfil prescriptions and medicinal products. The Claude Bernard Database (BCB) is the first medicine database certified by France's health authority, Haute Autorité de Santé (HAS) in 2008. It integrates into the software used by health professionals in pharmacies, medical and allied health practices, and multidisciplinary health centers, and other care facilities (hospitals, clinics, assisted-living senior residences). The general public can also access the Claude Bernard Database (BCB) at healthcare sites and portals as well as on Apple, Android and Windows smartphones and tablets.

Corporate and others business group activities

This business group comprises the following activities:

- Corporate support;
- Management of medical samples and promotional material.

MANAGEMENT OF MEDICAL SAMPLES AND PROMOTIONAL MATERIAL

Pharmastock - France

Pharmastock is a pharmaceutical wholesaler and supplier of healthcare products (drugs, medical devices, skin care products, cosmetics, etc.). Operating in compliance with the public drugs database(12), it offers pharmaceutical and cosmetics companies:

- storage (at a controlled temperature of 8°C to 25°C in secure locations),
- order preparation (based on the "first expired, first out" or FEFO principle),
- delivery of medicines (daily deliveries using suitable, certified transporters to pharmaceutical sales representatives, doctors, pharmacies, healthcare institutions, conferences, etc.).

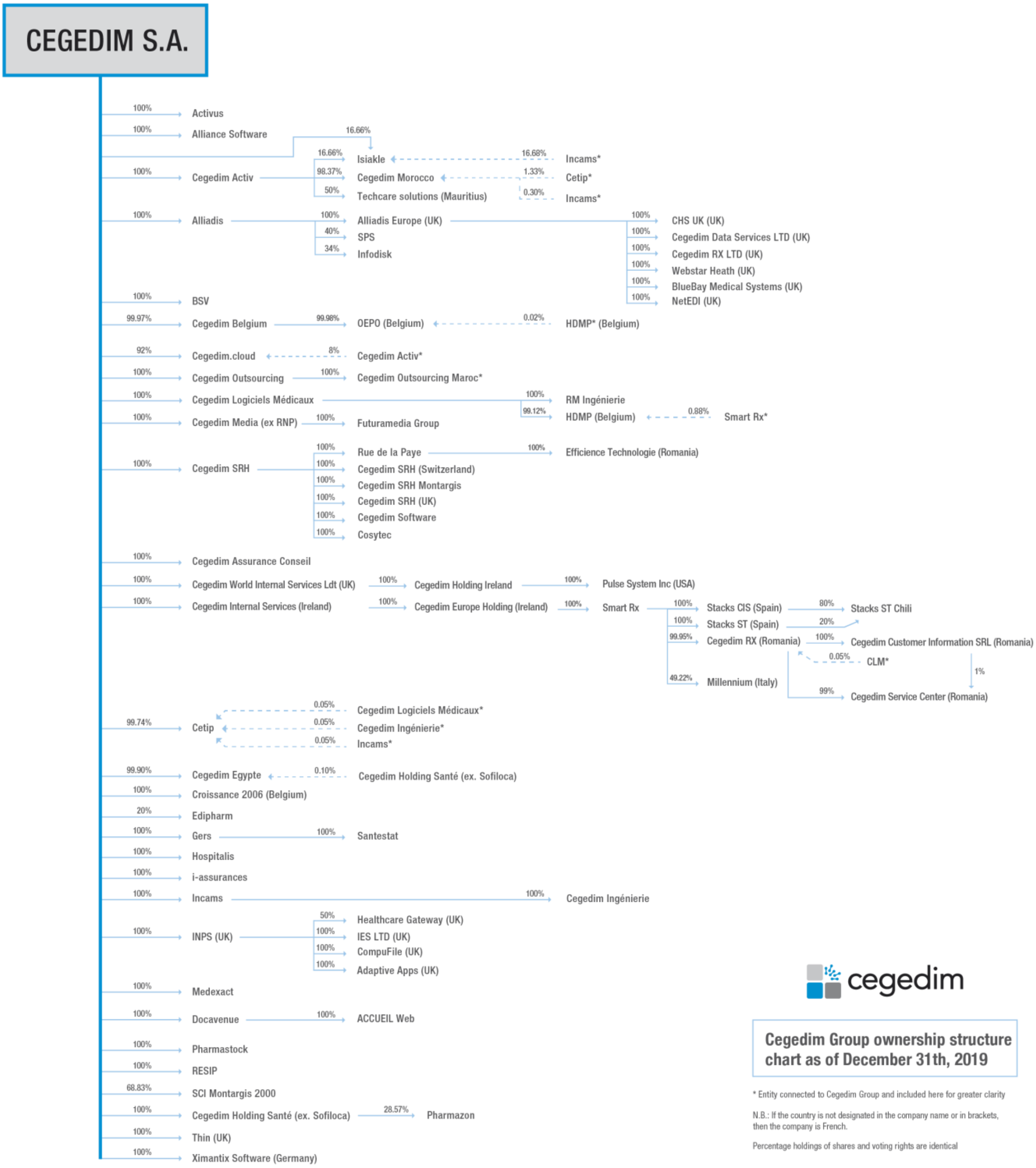
Pharmastock also stores and distributes documentation for pharmaceutical companies and carries out various manual tasks (making kits, displays, etc.).

Pharmastock's online sales site gives customers direct access to inventories with pre-defined, customized parameters based on their user profiles.

(12) Public Drugs Database or BPDM for Base de Données Publique des Médicaments in French.

1.3 Group structure

Cegedim SA's place within the Group	Cegedim SA is a subsidiary of FCB, the active holding company of Cegedim Group. It is the only Group company that is listed. Cegedim SA is listed on Euronext (since 1995) and does not belong to another group. Cegedim SA's role is two-fold. It is functional: - **Information technologies and R&D**: it develops and upgrades most of the IT tools the Group's other departments and subsidiaries use to provide the services they sell; - **Centralized services**: it handles payroll processing, employee management, billing, accounting, and monthly reporting. It does so in a manner consistent with the security, assurance, and confidentiality principles applied in IT facilities management. The centralized services activity also handle tax, legal, labour, accounting, organization, audit, insurance, procurement, external communication, and copyright issues. Each month, these expenses are assigned to the Group's subsidiaries using a specific allocation formula for each family of services. Cegedim SA also has an operational role through the following business units: - **Cegedim e-business**, a paperless solutions specialist since 1989, designs, develops, and markets invoice digitization, probative value storage offers, and EDI. This business unit develops and markets the following products and services: SY by Cegedim, Hospitalis, SY Pharma, Diagdirect, and Qualitrans-Télépharma. - **Cegedim.cloud** has extensive expertise in managed services for pharmaceutical companies, insurers, and healthcare networks (e.g. Electronic Health Record (EHR), tests, etc.), and in the management of financial flows and paperless documents. Due to their strategic and sensitive nature, these activities have led the Group's teams to devise architectures with very high availability that meet the security requirements of its customers and, above all, comply with the standards governing the hosting of medical records.
List of Cegedim Subsidiaries	The Group's subsidiaries, their country of origin, and the Group's equity stake are listed in Chapter 4, Section 4.6, Note 4 "Consolidation Scope", of this Universal Registration Document. More detailed information on the activities of the Group's main subsidiaries is provided in Section 1.2 "Activities" of this Chapter. The Group's legal ownership structure is shown on the next page.
Information on major subsidiaries and affiliates	Cegedim's equity investments are presented in the organizational chart on the next page of this Universal Registration Document. They are included in the Group's consolidated financial statements in accordance with the methods presented in the accounting principles of the consolidated financial statements in Chapter 4, Section 4.6, Note 15. The subsidiaries whose individual contributions to consolidated revenues exceeded €30 million at 31 December 2019, are: Cegedim Activ, Cegedim SRH, Cetip, GERS, and Cegedim Media.



Cegedim Group ownership structure chart as of December 31th, 2019

* Entity connected to Cegedim Group and included here for greater clarity

N.B.: If the country is not designated in the company name or in brackets, then the company is French.

Percentage holdings of shares and voting rights are identical

1.4 Major trends by Business Group

MAJOR TRENDS FOR THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Health Insurance in France

With an aging population and growing consumption of medical goods, the health market remains strategically important for insurance companies.
Several trends are impacting their products:

- Regulations that institutionalize healthcare and ensure it is available for everyone; they erase the factors that differentiated key insurers from one another as far as health coverage is concerned,
- Growing interest in personal protection insurance, with a view to diversifying the offering,
- the need for productivity gains is driving digitization and automation;
- the number and type of digitized exchanges between companies and supplemental health insurers (AMC[13]) is growing;
- there is a gradual transition from "cure" to "care", with emphasis on prevention rather than treatment;
- stakeholders are willing to diversify by offering services;
- Implementation of the right to terminate insurance policies at will, which means insurance companies must monitor rights to third-party payment cover in real-time,
- The Ma santé 2022 plan, which will require supplemental health insurers to adopt a position regarding the integration of services on the mandatory health insurance scheme's portal,
- Machine learning which helps:
  - identify cohorts of policyholders with similar behaviour patterns (unsupervised ML)
  - predict future behaviour and outcomes (radiation, drug over-use, illnesses, etc.) (supervised ML)
- The roll-out of the French government's "100% santé" reform ensuring full healthcare coverage for all, which will:
  - Transform low-end policies into midscale policies, with an increase in fees,
  - Increase the number of non-state-approved policies which will occupy the vacancy left by the low-end policies
  - Slightly reduce the influence of the insurance companies' networks of partner practitioners
- The need to build loyalty among very small enterprises, which are still too inconsistent when taking out group health insurance policies,
- High competitive pressure, which penalizes the group insurance policy market,
- The emergence of a non-compulsory, affinity-based group insurance policy market,
- Growth in the group insurance policy market, which should increase by 50% long term,
- The need to offset the loss of policyholders caused by the gradual switch by some to the French government's subsidized supplementary health insurance scheme or C2S (Complémentaire Santé Solidaire)
- The need for insurers to be very agile and slash time-to-market in order to speed up innovation and find new value-added products.

Insurers are redesigning their products (targets, coverage and management fees) and adding new services (personal care, prevention, childcare, etc.).

The outsourced management market is benefiting from insurers' desire to control management costs and focus on changes to their product offering, distribution, and beneficiaries' treatment plans. In 2019, while there were few regulatory changes, the sector saw:

- Mergers and alliances which resulted in the creation of major diversified insurance groups active in both life and health, and property and casualty;
- Ongoing implementation of Europe's General Data Protection Regulation (GDPR);
- The implementation of the Insurance Distribution Directive (IDD);
- Growth opportunities created by the opening to competition of the borrower insurance market,
- The reimbursement by France's national health insurance scheme of remote consultations since September 2018;
- The implementation of the contractual agreement with dispensary pharmacists, highlighting their role as the patient's "first resort".

MAJOR TRENDS FOR THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Health Insurance international

EY's[13] Global Outlook 2020 report highlights a number of key themes, including:

- Growing regulatory pressure: financial communication, taxation, money laundering, consumer protection, data protection, etc., and the imminent introduction of IFRS 17, the new standard for insurance accounting and how contracts are measured, which has a big impact on insurance companies publishing IFRS accounts. This is a key concern for insurers worldwide, since it affects them in many ways, notably their financial communication, and therefore the way they monitor their performance internally.
- The impact of digitalization on the client experience: the entire value chain is affected, from the way they buy policies to the way they file claims.

(13) Source: https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/insurance/insurance-outlook-pdfs/ey-global-insurance-outlook.pdf

MAJOR TRENDS FOR THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Outsourced payroll and HR management

Markess by exægis estimates that the **French HR solutions market was worth nearly €3 billion in 2019**, up 7.7% on 2018, and expects it to continue to grow by an annual average of 7.2% to over €3.4 billion in 2021[14].

In 2019, SaaS accounted for 31% of the market and should represent nearly 36% in 2021, while license sales plummeted to 16%.

Antiquated HR solutions need to be upgraded to account for new regulations (withholding tax, the "Compte personnel de formation" statutory training system for employees, the pension and unemployment insurance reforms, etc.) and better respond to new user expectations regarding interfaces and user-experience, which should boost the replacement market.

The HR sector has been hugely impacted by the surge in digital practices and is being profoundly transformed as a result. While initial transformation schemes focused on basic administrative tasks, the sector is now entering a new phase inspired by digital marketing practices to improve relations with employees.

78% of HR decision-makers consider simplifying the daily tasks of employees and managers a top priority of their new HRIS transformation plans. They want employees to have access to user-friendly, suitable digital tools that simplify their daily tasks and allow them to obtain the information they need quickly and easily.

(14) Source: Source Markess by exægis market data 2016-2021.

MAJOR TRENDS FOR THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Digitization in France

According to recent study by the Cap Gemini Digital Transformation Institute, **process digitization** and improving the customer experience **are priorities for respectively 47%** and 46% of the companies surveyed.

The electronic data processing market continues to expand rapidly, driven by a major shift towards outsourced invoice processing, by the growing need for rapid productivity gains, and by support from the French and European public authorities.

Since January 1, 2017, large groups in France are required to use electronic invoicing for public sector contracts (decree dated June 26, 2014). Cegedim e-business contributed significantly to this historic moment by connecting many customers to the new CHORUS PRO platform. Other companies in France will also all have to meet this requirement in 2020—first intermediate firms, then small and medium-sized ones, and finally very small enterprises.

France's 2020 budget confirmed that electronic invoicing will become mandatory in the private sector (B2B). All private sector companies subject to VAT in France, whatever their size, will have to issue invoices in tax-compliant electronic form starting January 1, 2023. The new e-invoicing system should be in use throughout the entire country no later than January 1, 2025. Mandatory e-invoicing is part of the government's drive to step up efforts against VAT fraud.

The study also found that the market currently seems to prefer a multi-process approach, with one single solution that enables the digitization of all types of business processes.

MAJOR TRENDS FOR THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Pharmaceutical market In France

According to the GERS data that serves as a reference[15] in this **respect, the total pharmaceutical market** generated €32.5 billion in revenue in 2019, growing 2.5% on 2018. October 2019 saw the revenue growth trends for the pharmacy and hospital segments switch places. While revenue from medications sold in pharmacies, the largest market segment, grew 1.9% (manufacturer price before VAT), the hospital segment posted a 3.6% rise (in list price).

In the pharmacy segment, sales of reimbursable drugs grew 2.7% in value, but fell 1.1% in volume. Revenue for 2019 is at the same level it was ten years ago, which is unprecedented.

As in 2018, the reimbursable medicines segment was again impacted by the transfer of products from the hospital to the pharmacy market. These medications contributed a 1.9 point increase to the pharmacy segment's growth. Excluding the impact of this change in scope, the reimbursable medicines market would only have grown 0.9%. However, the key reason for the decrease is lower drug prices. In 2019, price cuts represented a total of €884 million (manufacturer price before VAT), compared with €641 million in 2018—the cuts are up 38% and have never been so significant.

The non-reimbursable drugs market decreased by 6.3%. This sharp decline is almost entirely—5.6 points of it—due to stop smoking treatments, which are reimbursed gradually.

Revenue generated by generics on France's approved "Répertoire des génériques" list increased 1.4% in value and 1.9% in volume. The penetration rate for generic drugs in France was 81.3% in December, down 0.7 points on December 2018.

The hospital drugs segment grew 3.6%, with drugs sold on by hospitals up 3.9%, excluding GHS (France's equivalent of the DRG (diagnosis related group) classification system).

Revenue from biosimilars surged 51.0% in 2019.

The self-care segment grew 1.9% and generated revenue of €4.3 billion incl. VAT in 2019.

(15) According to the framework agreement between LEEM (Association of French pharmaceutical companies) and CEPS (French health products economic committee).

MAJOR TRENDS FOR THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Health data hosting

The regulations and certification procedures for health data hosting (HDS) have changed. The new format proposed by the French Health Ministry's Delegation for the Strategy on Health Information Systems (DSSIS) and the French government's digital health agency, ASIP Santé, now consists of two separate certificates: a "Physical Infrastructure Host" certificate and a "Data Management Host" certificate.

This new certification model, based on international standards like ISO, makes it easier for international cloud providers—notably GAFAM companies—to enter the critical data hosting market.

Since the HDS qualification has become more widespread as a result of this regulatory change, we have expanded our positioning to the hosting of critical data and sensitive applications (high-value security applications) for all business sectors and data types.

MAJOR TRENDS FOR THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of pharmacists in France

All French pharmacies are now computerized, and the market for pharmacist software is therefore a replacement market. The growing need for efficiency in pharmacies has triggered major changes and offers attractive growth prospects.

Pharmacies face financial challenges in today's increasingly regulated and competitive market, and seek to improve the efficiency of their daily operations. They need more advanced IT solutions to help them monitor and manage the business, optimize procurement and improve point-of-sale marketing.

At the same time, networks are being created in the pharmacy market, thus giving them greater clout. This strategy creates specific new needs with higher added value.

IT solutions for pharmacists must therefore provide ever more efficient and relevant statistics, allow pharmacies to interconnect without hindering health data integrity, and offer concrete solutions for point-of-sale marketing. IT tools will evolve as a result of all these factors over the short and long term.

MAJOR TRENDS FOR THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of pharmacists in United Kingdom

The United Kingdom Pharmacy market, in which Cegedim Rx operates, continues to experience flat rate funding with a reduction in dispensing funding from NHS in England, balanced with additional funding to encourage pharmacies to offer a greater range of enhanced clinical services to patients. Funding reductions in the Scottish, Welsh and Northern Irish markets have had less of an impact and the markets have remained stable throughout 2019. Across the United Kingdom as a whole there were approximately 130 Pharmacy site closures in 2019, of which 119 were in England.

It is anticipated that future years will see a lower level of closures with some consolidation as new dispensing mechanisms such as centralized hub & spoke dispensing and direct home delivery become more established giving patients greater choice.

NHS England's long term plan[16] unveiled in early January 2019 indicated a clear intention to make greater use of the nation's 66,000 community pharmacists' skills by creating opportunities to engage with patients by providing services to check and monitor their health.

In April 2019, a new 5-year framework agreement for GP contract reform was announced inclusive of investment in Primary Care Networks, in which pharmacy teams are encouraged to join through the Pharmacy Quality Scheme (PQS). In July 2019, a new PQS was announced for the remainder of 2019/20 as part of the 5-year deal for the CPCP[17].

(16) Source NHS England's long term plan: https://www.longtermplan.nhs.uk/
(17) Source Pharmacy Quality Scheme: https://psnc.org.uk/services-commissioning/pharmacy-quality-scheme/

MAJOR TRENDS FOR THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in United Kingdom

INPS operates in the United Kingdom Primary Care General Practitioner (GP) market in England, Scotland, Wales and Northern Ireland and is now the only GP software provider accredited and active in all four countries.

GPs in the UK

Number of doctors	Registered with the GMC	%
England	214,547	84.7%
Scotland	21,110	8.3%
Wales	10,689	4.2%
N. Ireland	6,810	2.8%
TOTAL	253,156	100%

Source: General Medical Council – https://data.gmc-uk.org/gmcdata/home/#/reports/The%20Register/Stats/report - data Feb 2020

In the UK, GPs work in medical practices that on average have 5 full-time GPs plus other allied healthcare professionals and support staff. GPs usually work as part of large multidisciplinary teams (MDTs) who all support the holistic care of any patient and these teams can include nurses, midwives, health visitors, pharmacists, physician associates, psychiatrists and care of the elderly specialists. Every medical practice has to use an accredited software solution to support the clinical consultation and the wider aspects of patient management.

MAJOR TRENDS FOR THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in United Kingdom (following)

An ageing patient population continues to place significantly higher demands on healthcare at a time where many practices are merging into 'super practices'. With these mergers, and closures due to retirements, GP practice numbers are reducing at a rate of around 350 per annum.

In April 2019, a new 5-year framework agreement for GP contract reform in England was announced inclusive of investment in Primary Care Networks to integrate primary care with secondary community services and bridge a gap between general practice and emerging Integrated Care Systems. Since the announcement, practices have been organising themselves into local networks to provide care at greater scale by sharing staff and funding.

PCNs, which will cover around 50,000 patients each, are the building blocks for Integrated Care Systems (ICSs). Fourteen ICSs are already up and running and the NHS wants such systems covering the whole of England by April 2021. Integrated Care Partnerships (ICPs), which cover approximately 500,000 patients, will sit in between ICSs and PCNs in the new hierarchy.

The National Health Service (NHS) for each country runs a program of constant improvements with new requirements that suppliers must to adhere to, that drive innovation and an evolution towards a paper-free inter-connected, interoperable ecosystem of suppliers supporting improvements the provision of patient care and outcomes.

In England, the NHS agency accountable for this program is NHS Digital who are responsible for regulating the relationships with the GP Systems suppliers through a contractual framework. The previous GPSoC[18] framework agreement, which allows GPs to choose an accredited clinical system ended on 31st March 2018. A continuity agreement was agreed to ensure core services from GPSoC remained available until a replacement GP IT Framework is in place. The GPSoC continuity period ended on 31st Dec 2019. The contractual arrangements for the new £450M GP IT Futures Framework Contract[19] that is aimed to break the duopoly[20] that exists in England today, was announced in early 2019.

In Wales, the NHS Wales Informatics Service (NWIS) regulates the relationships with the GP Systems suppliers, the agreement for Wales entered renegotiation in 2017 and in 2018 INPS was selected[21] as one of only two suppliers for wales for the next 5 Years. Towards the end of 2019, the second supplier was cancelled from the Wales[22] contract leaving INPS as the sole supplier whilst NWIS engages in a further consultation process.

In Scotland, the NHS National Services Scotland (NSS) regulates the relationships with the principal GP Systems suppliers, the agreement for Scotland entered renegotiation in 2017 and in 2019 INPS have been selected as one of three suppliers for Scotland[23] for the next 5 Years.

A similar arrangement exists in Northern Ireland where INPS is one of two suppliers.

(18) GPSoC: https://data.gmc-uk.org/gmcdata/home/#/reports/The%20Register/Stats/report
(19) GP IT Futures: https://digital.nhs.uk/services/future-gp-it-systems-and-services
(20) Duopoly in England: https://publictechnology.net/articles/news/new-%C2%A3450m-framework-will-break-gp-it-systems-duopoly-hancock-claims
(21) Wales contract press Announcement: http://www.wales.nhs.uk/news/47441
(22) Wales contract press Announcement: https://nwis.nhs.wales/news/latest-news/nhs-wales-cancels-contract-with-microtest/
(23) Scotland Contract Press Announcement: https://nhsnss.org/blog-news/articles/contracts-awarded-for-new-gp-it-systems

MAJOR TRENDS FOR THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in France

Most French medical practices are computerized—almost 90% according to Cegedim's estimates. However, until now, IT tools were mostly used to manage patient electronic claims forms. The medical sector's 2012 national agreement, or Convention Médicale, increased the level of IT equipment in doctors' offices. The 2016 agreement promoted even greater use and—together with an incentive to modernize and computerize the practice (the "forfait structure") and a pay-for-performance program (ROSP)—encourages digitized exchanges with the national health authorities and using protocols to monitor patients with complex conditions.

This means doctors can hardly avoid managing patient records electronically (diagnoses, prescriptions, pathologies, allergies, family history, medical test results, etc.). In addition, a new requirement has been added: medical records coding, which is vital for information sharing, particularly as the use of shared medical records spreads.

MAJOR TRENDS FOR THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in France (following)

The incentive doctors receive depends on the software's certification levels and usage. Several indicators determine whether the objectives are met. For example, doctors must use prescription support software (LAP) certified by the French health authorities (HAS) and an accredited drug database. The software market is therefore beginning to tighten. Indeed, Cegedim Logiciels Médicaux has seen its growth driven by these new regulations, with 80% of its sales involving data recovery from competitors' software.

The fact that doctors and paramedics are tending increasingly to work together in multidisciplinary health centers (Maisons de santé), particularly in the French provinces, is another major source of growth for Cegedim Logiciels Médicaux. Its MSP solution is proving increasingly popular with this new multi-professional working method—over 446 Maisons de santé are already equipped—but more importantly, market penetration is accelerating. Building on the trend towards joint management of patient care, the communities of regional healthcare professionals (Communautes Professionnelles Territoriales de Santé, or CPTS) called for in the French governement's "MaSanté 2022" healthcare system reform, will also give CLM new opportunities to market digital equipment.

In hospitals, the development of contracts with private practitioners also represents a source of new growth for software publishers that have historically focused on non-hospital practitioners.

Access to care is a growing problem in France. The number of people living in regions with a shortage of general practitioners increased from 2.5 million in 2015 to 3.8 million in 2018. Healthcare is evolving to deal with the scarcity of medical professionals, an aging population, and the large number of chronic conditions, and the French State is encouraging the changes. **As of September 15, 2018, remote consultations are reimbursed by the national health system** in accordance with the patient care coordination and referral system (Parcours de Soins Coordonnés). The State is also offering subsidies to help buy equipment for doctors who want to join the telemedicine revolution.

In general, **doctors appear to welcome this new development,** and 7 in 10 believe remote consultation will be part of their everyday life by 2030. Even so, as with the spread of any new practice, there are still some obstacles to overcome, chiefly fears that the technology will be dehumanizing or will hurt the quality of diagnoses.

MAJOR TRENDS FOR THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Number of healthcare professionals in France

Doctors	Practicing regularly(1)	GPs(1)	GPs in private practice (1)	GPs using electronic claims transmission(2)	Specialists using electronic claims transmission(2)
	198,081	87,801	110,279	54,673	55 464
Pharmacists	**Practicing(3)**	**Registered pharmacists(3)**	**Assistant pharmacists(3)**	**Number of pharmacies(3)**	**Using electronic claims transmission(2)**
	74,115	26,212	23,853	20,966	21,552
Physical therapists	**Practicing(4)**	**Independent practices(4)**	**Group practices(4)**	**Private practice or mixed (salaried/private)(4)**	**Using electronic claims transmission(2)**
	86,459	39,337	29,065	69,006	67,179
Nurses	**Practicing(4)**	**Independent practices(4)**	**Group practices(4)**	**Private practice or mixed (salaried/private)(4)**	**Using electronic claims transmission(2)**
	660,611	65,800	40,647	116,800	89,016

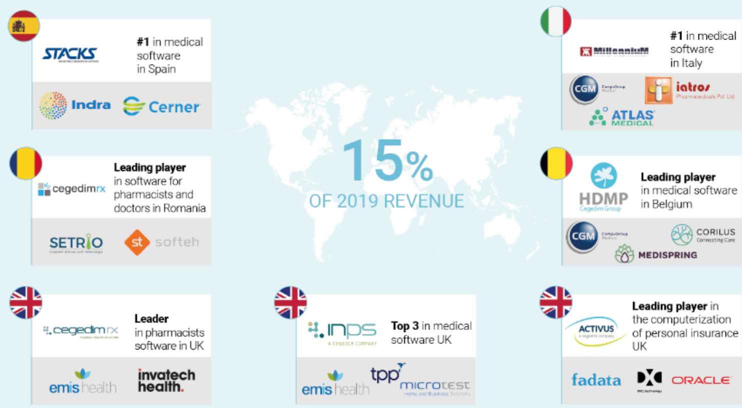
(1) French National Order of Physicians – Atlas of medical demography in France – situation at January 1st, 2018.
(2) GIE SESAM-Vitale, December 2019.
(3) Statistics from the French National Order of Pharmacists at January 1, 2019.
(4) French Ministry of Health's Department of Research, Studies, Evaluation and Statistics (DREES), data from 2016.

1.5 Main competitors

Strong leadership in France

There is currently no global competitor operating in all the countries covered by Cegedim. Therefore, the analysis has been broken down by market and by country.

Strong leadership in Foreign market



Sources

According to our in-house estimates:
Cegedim Activ's customers managed more than 43 million beneficiaries in 2019 and 2018 according which makes it the market leader. **Cetip** handled more than 201 million of third-party payment flows in 2019, thus establishing the company as market leader (as in 2018, with 198 million).
GERS Data, with more than 800 markets monitored monthly for 200 companies in 2019 is a leader in France (as in 2018).
C-MEDIA is the French benchmark for POS advertising in terms of number of pharmacies covered by its display network (in 2019 and in 2018).

Smart Rx, Cegedim Logiciels Médicaux and **RM Ingénierie** are among the leaders on their markets in terms of the number of claim forms handled (source: GIE SESAM-Vitale, December 2019).

According to our in-house estimates
In UK, **INPS** is one of the largest suppliers of software for doctors with a market share of around 14% in 2019 (as in 2018) and **Cegedim Rx** has a market share of 36% in 2019 (38% in 2018).
Cegedim Rx Romania equipped 37% of the pharmacists in this country in 2019 (as in 2018), and 24% of the doctors. **HDMP** is one of the leading players in Belgium's in 2019 (as in 2018) in terms of the number of customers. **Millennium** and its subsidiaries hold more than 50% of the market in Italy in 2019 and 2018. **Stacks** is the market leader in software for doctors in Spain in 2019 and 2018 with a market share of about 35%.

1.6 Strategy

Transform to strengthen our competitive advantages. A two-step process

The outlook for Cegedim's market is one of solid growth despite short-term uncertainty. Key growth drivers are:

- French government reforms with significant regulatory changes that benefit our activities (health, payroll, data flow digitization, etc.);
- The fact that healthcare systems are increasingly complex and need to be made more efficient;
- An aging population and the growing prevalence of chronic diseases;
- The shortage of doctors in rural areas;
- The push to boost patient engagement.

All these factors are feeding the need for more innovation and technology—including SaaS, the Cloud and artificial intelligence—and more health data. Cegedim invests heavily in innovation. For example, in 2019, it devoted 12.3% of its revenue to paying its R&D staff.

The need to digitize the economy, services and the health sector (patient medical records, prescription and diagnosis aids, remote consultations, and third-party payment, to name but the most visible issues), and the need for health data (for example to aid the diagnosis of rare diseases), are all factors that will ensure the Group's future profitable growth. At the same time, there is a growing need for outsourcing—for both outsourced payroll and human resources management, and outsourced health insurance management services.

Cegedim, which operates in constantly evolving markets and has refocused on its strategic activities, has solid fundamentals, a balanced portfolio of complementary services, a diversified customer base, wide geographic coverage, the clout that comes from being an integrated Group, and operational and financial discipline. All this should enable us to carry on growing as we did in 2019, maintaining a robust, lasting, and profitable performance (See Chapter 3 "Management discussion and analysis of the financial year", Point 3.6 "Outlook", and Chapter 7 "Risk management" and notably "Covid-19 epidemic related to the coronavirus").

The three pillars of Cegedim's strategy

1.7 Research & development

Research and development at the Cegedim SA level	Cegedim SA houses the Group development teams assigned to projects that use the Group's shared IT infrastructure. Development projects completed in FY2019 were capitalized in the parent company financial statements at €4.2 million, all projects combined. This capitalization was recorded in the balance sheet, as all the conditions set forth by the French national accounting standards (Plan Comptable Général) were met. The Company continued and stepped up the development of its SaaS platform, which digitizes and manages of all types of documents—paper, structured files, images—and processes. It also continued to develop its internal rapid application configuration platform to provide shared application bases for some software solutions. Aside from these specific developments, Cegedim handles daily application maintenance for all the Group's joint offers based on a budget that is relatively comparable each year.
Research and development at the Cegedim Group level	Research costs are expensed in the financial year during which they are incurred. Development costs for new in-house projects are capitalized if the following criteria are fully met in accordance with IAS 38: - the project is clearly identified, and the related costs are separable and tracked reliably; - the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from the project; -the project being developed will generate probable future economic benefits for the Group. Otherwise, the development costs are expensed in the financial year in which they are incurred. Once in use, a project whose development is complete is transferred to the balance sheet, under the relevant asset category (generally software), and amortization is based on its estimated useful life. Development costs capitalized in the consolidated accounts in 2019 totaled €47.6 million. **The main projects are:** - Solutions for health insurance and mutual health insurance companies with significant application upgrades designed to streamline their management tools, as well as a back-office solution in full SaaS mode; - Products and services for French and UK doctors; - The development of platforms offering digitization services; - The development of additional modules for HR and payroll management applications; - The continued development of products and services for pharmacists in France and the UK; - The development of a new online appointment scheduling and remote consultation platform. Cegedim SA houses the Group research and development teams assigned to projects that use the Group's shared IT infrastructure. Some regional R&D centers (notably in Spain, Morocco, and Egypt) and subsidiaries also have their own teams, and their research and development activities are coordinated by the head office. Projects coordinated by the Group concerned the following divisions: - Health Insurance, HR and e-services, €23.4 million, - Healthcare Professionals, €22.4 million; - Corporate and others, €1.8 million. These specific development efforts are supplemented with investment in software and hardware. Dedicated IT teams perform daily application maintenance for all the solutions marketed by the Group’s different subsidiaries (costs are expensed for the year). In all, Cegedim Group devotes about 12.3% of its annual revenue to research and development, though this figure is not an objective in itself.

1.8 Innovations of the year

INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Computerization of health insurers and mutuals

In 2019, Cegedim Activ made structural changes to its software suites.

For example, substantial upgrades were introduced to the Activ'Infinite suite offering insurers new added-value features which help them maximize productivity gains and cut their costs.

To support the growth in group insurance policies and the needs and challenges this has created for insurers, the Easy Collectif module, which operates natively on DSN exchanges, has been enriched and now works for both Health and Personal Protection policies.

Responding to increasing concentration in the industry and to delegated management needs, Cegedim Activ has developed an innovative white label solution of extranets and a mobile application. It enables quick and easy content personalization and services per policyholder or group of policyholders, thus accelerating insurers' time-to-market, automating their administrative tasks and strengthening bonds with their clients through a highly personalized experience.

Actisure, the international solution, continues to be expanded and enhanced to suit the needs of the global healthcare market. In addition, the feature-enriched "IDHP" international healthcare platform, which manages the policyholder's experience using various extranets and digital services, continues to attract market interest.

To enhance its value proposition, Cegedim Insurance Solutions is pursuing a strategy of international partnerships with other companies considered experts in the field of insurance.

Actisure was well received in Australia. The international division is focusing on the Netherlands and Canada, which have large target markets that allow Cegedim Insurance Solutions to replicate its service model by drawing on a powerful ecosystem of global partners.

Actisure was awarded the XCelent prizes for "Breadth of Functionality" and "Client Base" in Celent's 2018 "Healthcare Policy and Administration" report. It remains one of the market's leading software packages.

INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Flow, direct billing and management services

After rolling out Visiodroits, which lets pharmacies verify customers' insurance coverage, in 2019 CETIP worked to integrate online pricing into pharmacists' workstations. This new service offers third-party reimbursement of costs not covered by the mandatory scheme—both prescription and over-the-counter—that are covered by supplemental insurers.

In addition, the company is also starting to offer innovative data analysis services covering out-of-pocket costs, such as price verification for eye care claims. The price-checking tool helps our clients keep costs under control.

Lastly, in 2019 CETIP continued to streamline third-party payments to hospitals by pursuing efforts to digitize invoices and taking part in the ROC (supplemental insurer reimbursement) pilot program with its client MNH Group, which uses Activ'Infinite and the iSanté payments network. The ROC project aims to make exchanges between hospitals and supplemental health insurers or their third-party payers more secure, automated, and digitized, and to avoid beneficiaries having to pay out-of-pocket costs at the hospital.

INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Outsourced management

In 2019, Cegedim Insurance solutions won yet another large outsourcing project to manage healthcare benefits for Klesia's portfolio of 200,000 beneficiaries. The project was executed over nine months and allowed CIS to hire 60 new employees, 36 of whom came over from Klesia, at two new management sites in Paris and Lyon. During the transition phase that ran through December 2019, account managers continued to use Sigma, their original system. The switch to Cegedim Insurance Solutions' system took place at the start of 2020.

iGestion renewed and expanded its ISAE 3402 Type II certification to all of its business activities in 2019. It won certification for its Marseille, Montargis, and Vélizy production sites. The ISAE 3402 standard assures our customers that we have a proven internal control procedure. The certification is reviewed annually by an independent auditor.

In addition, Cegedim Insurance Solutions renewed three ISAE 3402 Type II certifications in 2019 for outsourced management, third-party payment, and managed services.

INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Outsourced payroll and HR

To meet the needs of HR departments and beat expectations with respect to performance, activity management, and HRIS productivity, Cegedim SRH is enriching the range of functions and tools it offers as part of its approach to business processes digitalization and simplifying exchanges within companies.

In its 2020-22 Road Map, Cegedim SRH reiterated its commitment to anticipating market needs.

Cegedim SRH offers an on-boarding platform that lets new hires enter their contact information, bank details, and Carte Vitale health insurance card number using their phone. They can also sign their employment contract using an electronic signature tool and get access to documentation on supplemental insurance, company bylaws, etc. This approach helps create ties between new hires and the company before their first day on the job, and allows them to become familiar with the company's values so that they have an easier time fitting in.

It has clear and measurable advantages for the company: no data entry, significant timesaving, better data quality, better management of ongoing hires, and seamless integration within the TEAMS RH solution.

Cegedim SRH also invests in smart planning solutions to help companies optimize their projects' internal and external resource management, including temporary workers, service providers, etc. Today, companies do not just look inside the organization for the best talent; they look for the right profiles to fit the moment. Cegedim SRH draws on the expertise of Cosytec to enrich its time management module with planning that is smart, strategic, operational, and forward looking.

Responding to payroll experts' desire to automate processes and optimize controls, Cegedim SRH in 2020 began offering a new approach to the payroll cycle that makes payroll indicators easier to predict and manage. This proactive approach assists payroll managers in their daily tasks, alerting them to upcoming events, reminding them when action is needed (arrivals, departures, variable contracts, contract expiration, etc.), and displaying a dashboard highlighting important indicators (calendar, payroll KPIs, news, etc.).

Cegedim SRH operates in a rapidly changing sector. Keeping its ear to the ground, the company pursues a dynamic, agile R&D policy to stay a step ahead of the numerous new market trends.

INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP

Health digital displays

C-Media's innovation in 2019 focused on the following themes:

- Implementing a new Storefront Media strategy that ensures flawless rollout of ad campaigns at selected pharmacy consortiums.
- Continuously improving pharmacies' digital tools to improve visibility and meet brands' targets.
- Forming exclusive partnerships with pharmacy consortiums.

In 2019, Futuramedia—which has already installed 11,000 indoor and outdoor digital screens in pharmacies in France (C-régie Media model and Clip Santé pharmacy model) and 100 digital merchandising devices (digital screens for endcaps)—launched a 3D hologram LED fan that can be set up in shop windows or inside stores.

Late in the year, Furturamedia also launched a new network in collaboration with CLM covering healthcare facility waiting rooms (multidisciplinary health centers and doctors' practices).

In 2019, MedExact began offering 360-degree communication services targeting doctors, pharmacists, and patients via its partnership with Fréquence Médicale.

INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP Digitization of Processes	**The Group launched its SY by Cegedim product range in 2019**. SY—a contraction of "SIMPLIFY"—promises simplicity and ease. SY lets clients take care of all their digitization needs using a single platform: - The contract-to-pay process (contract signing, order and workflow management, invoicing, payment, accounting reconciliation, etc.) - Internal corporate processes (signatures, workflow, etc.) **In the healthcare market**, in order to deal with new regulatory requirements governing the serialization of medicine packages (February 9, 2019), Hospitalis developed an innovative solution that lets healthcare entities automate the decommissioning of unique identifiers for medication between reception and dispensing. **In 2020, an ambitious roadmap will enable the Group to roll out complementary functions for SY Flow (contract-to-pay),** including notably an intuitive system for network connections that enables "autonomous" implementation, e-signature innovations such as developing an online platform and earning new certification ("eIDAS" and "PSCO" trusted service provider), and solutions for the pharmaceutical industry to simplify BRI management.
INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP Health data	**The THIN** (The Health Improvement Network) **European database** continues to add to its offering, with new countries—Germany and Italy—as well as new data from specialists and selected healthcare facilities. The THIN data's format is changing and by end-2020 will be 100% compatible with the OMOP (The Observational Medical Outcomes Partnership) common data model. The new format will increase usage still further. In addition, one major innovation relates to the development of an AI solution for medical research and patient treatment.
INNOVATIONS IN THE HEALTH INSURANCE, HR AND E-SERVICES BUSINESS GROUP Health data hosting	**cegedim.cloud earned two new certifications in 2019**: HDS health records hosting and ISO 20000-1:2018, testifying to the information system's performance, reliability, and optimization. cegedim.cloud also renewed its ISO 27001:2013 certification, confirming its expertise in information security management. Furthermore, it earned new certificates of compliance with standards covering data security and personal data protection in the cloud: • ISO 27017:2015: Code of practice for information security controls in cloud services; • ISO 27018:2014: Code of practice for protection of personally identifiable information (PII) in public clouds. These certifications and accreditations apply to all activities carried out in France. They are part of cegedim.cloud's determined effort to address critical issues head-on in the areas of security, health data protection, and information services management. As a result, cegedim.cloud can offer its clients and partners reliable services and peace of mind. **To optimize its Disaster Recovery Plan (DRP)** and better deal with DRP issues, cegedim.cloud has created two new datacenters in Boulogne and Toulouse. Each datacenter now has a backup site and together each pair forms a regional "campus" capable of both active and passive sharing. Computing resources (CPU/RAM) are dedicated and storage is replicated almost in real time at the new backup sites to ensure redundancy. These new hosting sites allow the Group to guarantee rapid resumption of service for client applications if the primary sites are affected by a disaster.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in the United Kingdom

In 2017, *INPS* embarked on a major redevelopment program to transform its entire *Vision* product suite into a series of modern interoperable Apps known collectively as Vision Anywhere, which will establish *INPS* as the most technologically advanced supplier in the market with a best in class user experience that is perfectly aligned to the NHS's vision for the future of healthcare technology.

The redevelopment has continued throughout 2019 with a new product strategy driving focus on delivering INPS's core clinical system to meet the requirements of the new framework agreements in England, Wales and Scotland. INPS development commenced in 2019to launch and deliver native cloud solutions to the market in 2020 with an initial focus on meeting requirements from the England GP IT Futures Framework.

The new mobile versions of its core Vision software, are being used by more than 400 GP practices across the UK. It is designed to operate on all major tablets and smart phones freeing up the constraints of working solely in consultation rooms. The latest version includes improvements to enhance service efficiency and a range of features to support multi-practice capabilities such as new clinical templates from INPS's Outcomes Manager, and clinical calculators for BMI, diabetes risk and DOSE index.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of Pharmacists in United Kingdom

In 2019, Cegedim Rx continues to deploy the government's Electronic Prescriptions scheme in England which now has 99.7% of all pharmacies using the system. The EPS Phase 4 roll out, where prescriptions are sent via EPS by default, commenced in November 2019.

Cegedim Rx refined its PMR product and marketing strategy in 2019 in line with the NHS's new long-term plan. This saw Cegedim Rx switch focus back to investing development gains into Pharmacy Manager for faster realisation of process efficiencies, which in turn allow pharmacies to commit more time to delivering services. Already established and accredited with a market share of approx. 3,000 sites Pharmacy Manager was relaunched in England in the second half of 2019 as an intelligent PMR, offering a more user friendly interface and a dashboard including quick links to NHS services and a host of new features designed and built around the requirements of the electronic prescription service. The new Pharmacy Manager offers significant improvements in dispensing efficiency and clinical safety with real time, colour coded alerts to aid smarter working pharmacy teams. A later release in November 2019 included tailored regional dashboards for Scotland and Wales.

Development continues on the governments[24] drive to deliver more clinical services through pharmacies with the use and adoption of a clinical portal called Healthi-Services that delivers a secure cloud based platform for the recording and management of such services.

Cegedim Rx has continued its expansion and diversification in the primary care optometry services market working in partnership with LOCSU[25] in England. In this market, the scope of services has been extended with Greater Manchester Health and Social Care Partnership (GMH & SCP) and Greater Manchester Confederation of Local Optical Committees (GM LOCS) with whom Cegedim Rx launched the first electronic referral solution for the optometry market. Over 300 optical practices will use the new referral service through Healthi-Services as part of a programme which aims to improve the quality of referrals, reduce the time to process referrals and remove unnecessary work for GPs.

In 2019, Cegedim Rx successfully launched standalone and integrated solutions to meet the needs of the European Falsified Medicines Directive (FMD[26]) to coincide with the requirements of the directive.

(24) NHS Digital: https://digital.nhs.uk/services/electronic-prescription-service/statistics
(25) LOCSU: Local Optometry Community Support Unit.
(26) FMD : Falsified Medicines Directive - https://ec.europa.eu/health/human-use/falsified_medicines_en

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of HCPs in Romania

In 2019, Cegedim Rx launched Claude Bernard Database, the first digital database of pharmaceuticals in Romania. The integration with the pharmacy and doctors solutions provides healthcare professionals with a digital assistant for the safe dispensing and prescription of drugs approved on this market.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in Spain and Chile

In 2019, the most relevant projects Stacks was involved in were:

- **Primary care:**
  - A technological upgrade for the primary care solution (GPs) in the regions of Asturias and Cantabria;
  - The roll-out of the single prescription module (MUP) in all healthcare centers in the Community of Madrid. This system provides a single, comprehensive medical history of patients and makes it easy for all health professionals to prescribe through a single platform. It also means the region's e-prescription system is interoperable with systems used in Spain's other autonomous communities.
- **Private practice:**
  - The implementation of a waiting room admission and call system that automates patient flow in clinics and therefore improves clinic operating margins.
  - The deployment of a gateway for approval of insurance reimbursements that automates and improves the healthcare payment system.
- **In hospitals:**
  - The computerization, with the OMI360-HIS solution, of the Virgen de la Caridad Medical Center hospital group. This is Stacks' first client in Spain's hospital sector, and the contract represents an important milestone since it comprises a large network of healthcare centers (in Cartagena, Murcia, Fuente Alamo, San Javier, San Pedro del Pinatar, Mazarrón and Campoamor) and uses some of the sector's most advanced medical technologies.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of pharmacists in France

In 2019, Smart Rx stepped up its investments to modernize its innovative software solution.

As a result of those efforts, the company has launched a new shop floor mobile app to let pharmacists handle sales quickly even away from the counter. Several functional innovations have been made to the pharmacy management software, notably to include Chinese payment systems and immediate tax refunds. These additions are making Smart Rx a major player in airport pharmacies.

Smart Rx is an integral part of the Santé 2022 pilot programs, having notably helped create ADRi (Acquisition des Droits Intégrée), a shared medical record system which lets health professionals access information about beneficiaries. The company also played a major role in the E-Prescription pilot program and will soon begin work on the E-Carte Vitale virtual health insurance card.

The cloud transition picked up speed, notably with the rollout of Smart Rx purchasing, which includes advanced modules for managing low inventories and a particularly intuitive new price tag solution. Smart Rx 360, a pharmacy management tool, now offers a wealth of new reports to help pharmacists monitor business effectively, particularly with respect to prescription dispensing fees.

Lastly, Smart Rx Groupement continues to be enriched to offer consortiums a unique, powerful solution. Recent upgrades notably include a new Price Monitor module to help consortiums set pricing policy in their pharmacies.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in France

CLM launched Clip Santé, a digital communication offering designed for waiting rooms in doctors' practices and health centers.

To keep pace as healthcare professionals become increasingly mobile (home visits, multi-site practices, etc.), **CLM debuted Simply MLM**, a solution comprising an ultraportable device and a Bluetooth card reader so professionals can not only see patients but also file their claim forms while on the go. Equipped with MLM web-based software, the BCB medication database, and Pack SRI (access to the full range of regulated health system services), Simply MLM is eligible for the "forfait structure" incentive to modernize and computerize medical practices.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of doctors in France (following)

In line with the digitization projects implemented by the French National Health System, Cegedim Logiciels Médicaux offers integrated, user-friendly access to online services. For example, sick leave declarations, GP registration, patient coverage, etc.

The same is true of the shared medical record or MS Santé secure messaging, with one key additional novelty: data coding using European standards (for the Volet de Synthèse Médicale annual patient summary, results of tests on biological samples, etc.) to ensure interoperability.

Cegedim Logiciels Médicaux, the first software publisher to create a QR-coded electronic prescription securely transmitted from the doctor to the pharmacist as part of the French government's PEM2D e-prescription project, is ready to roll out the solution broadly in 2020 following the positive response generated by the pilot program.

Because Maiia is integrated into CLM's software for doctors, users can manage appointments online and send text message reminders, for example, and everything is synced and open to new value-added services designed to improve the doctor-patient relationship.

Cegedim Logiciels Médicaux is also positioning itself in the "Territoires de Soins Numériques" (TSN) e-health programs for some French territories (the Paris region and the Indian Ocean French overseas territories). It offers a web-based solution and information-sharing gateways that facilitate the patient's e-healthcare treatment.

CLM offers efficient solutions for the use of connected objects (smart stethoscopes, otoscopes, oximeters, and glucometers) which input measurements directly into the patient records, via Bluetooth, in the practice or from the patient's home.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Telemedicine & appointments booking in France

Docavenue and RDVmédicaux merged in early 2020 and the new entity was renamed Maiia. This was combined with the launch of a new online appointments scheduling and remote consultation service platform.

The merger and renaming also reflect the solution's repositioning as an e-health assistant for healthcare professionals and patients.

For maximum efficiency, Maiia is available on mobile phones (App) and computers (Web, SaaS) meeting the needs of both patients and healthcare professionals. It has been designed to be compatible with the major digital innovations coming soon to the health sector: e-prescriptions, e-Carte Vitale (the electronic version of the French healthcare smart card system), etc. Maiia allows doctors to meet all patient needs. It provides patients with access to doctors with and without an appointment; autonomous patients can teleconsult on their own, while more vulnerable patients can teleconsult assisted by a pharmacist or other health professional, for example, from a pharmacy, a hospital or even a local healthcare structure like a nursing home (EHPAD).

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Computerization of allied health professionals in France

RM Ingénierie continues to innovate, delivering clients a growing array of services.

After developing Médisécu, a secure inbox for submitting electronic claim forms, as well as the online accounting software MaComptaLibérale, RM successfully launched Medisauv in 2019. Medisauv allows medical practices to automatically backup their data on a server approved to host patient medical records.

INNOVATIONS IN THE HEALTHCARE PROFESSIONALS BUSINESS GROUP

Medication database in France & Europe

The range of products and services for the pharmaceutical industry continues to evolve, notably for skin care, nutrition, and medical device companies.

As part of BCB's ongoing innovation efforts, all the products in its database—nearly 500,000 total, making it one of the market's top reference sources—are now classified according to "product promise".

In addition, RESIP continues to develop BCB internationally: after launching in the UK, where it is branded as "Gemscript", BCB is now also used by a growing number of pharmacies and doctors in Romania.

02

Governance

Executives and supervisory bodies, statutory auditors as of 03/20/2020

NOMINATIONS COMMITTEE

- Jean-Claude **Labrune**
  Chairman
- Marcel **Kahn**
- Jean-Pierre **Cassan**

AUDIT COMMITTEE

- Marcel **Kahn**
  Chairman
- Aude **Labrune**
- Pierre **Marucchi**
- Jean-Pierre **Cassan**

STRATEGY COMMITTEE

- Jean-Claude **Labrune**
  Chairman
- Laurent **Labrune**

BOARD OF DIRECTORS

- Jean-Claude **Labrune**
  Chairman of the Board of Directors
- Jean-Pierre **Cassan**
  Independent director
- Béatrice **Saunier**
  Independent director
- Marcel **Kahn**
  Independent director
- **FCB, SAS,** represented by Pierre Marucchi
- **GERS, GIE,** represented by Nicolas Giraud
- Sandrine **Debroise**
- Catherine **Abiven**
- Aude **Labrune**
- Laurent **Labrune**

COMPENSATION COMMITTEE

- Jean-Pierre **Cassan**
  Chairman
- Aude **Labrune**
- Marcel **Kahn**

GENERAL MANAGEMENT

- Jean-Claude **Labrune**
  Chairman & CEO
- Pierre **Marucchi**
  Managing Director
- Laurent **Labrune**
  Managing Director

AUDITORS

- **KPMG**
  represented by Vincent de Becquevort
- **MAZARS**
  represented by Jean-Philippe Mathorez

2.1 Cegedim's Corporate Governance

In accordance with Article L.225-37 of the French Commercial Code, as amended by Executive Order No. 2017-1162 dated July 12, 2017, this section constitutes an integral part of the Corporate Governance report reviewed by the Board of Directors at its meeting on March 19, 2020, after prior review by the Board Committees of the sections pertaining to their respective mandates, and submitted to the Statutory Auditors.

Reference corporate governance code

At its meeting of March 19, 2020, Cegedim's Board of Directors confirmed that Cegedim refers to the MiddleNext corporate governance code of September 2016 (available on MiddleNext's website[1]) to draft the report provided for in Article L.225-37 of the French Commercial Code.

Within the framework of the "Apply or Explain" rule provided for in Article L.225-37-4 of the French Commercial Code and indicated in Point 3 entitled "The Premises of the MiddleNext Code", Cegedim considers that it complies with MiddleNext recommendations.

(1) https://www.middlenext.com/IMG/pdf/c1_-_cahier_10_middlenext_code_de_gouvernance_2016.pdf.

Unity of management

Since April 23, 2002, the Company's Board of Directors has opted for a system of governance which combines the roles of Chairman of the Board and Chief Executive Officer, with Jean-Claude Labrune serving in both positions.

The Board considers this the most suitable system of governance for Cegedim, for two reasons. On the one hand, Jean-Claude Labrune has all the skills, expertise, and other qualities needed to ably and efficiently lead the Group's management team, as witnessed by the Group's performance in recent years. And on the other hand, the Group's organization lends itself particularly well to this system of governance.

The Chairman of the Board also controls Cegedim's largest shareholder and acts in that capacity when, like any actively engaged lead shareholder, he helps define the strategic priorities that are in the Group's best interest.

One of the Group's unusual features is its particularly decentralized organization. This management approach has proven successful in businesses where decisions are best made locally. As a result, the Group has many subsidiaries (more than 60), all of which operate autonomously.

Operational and investment decisions are taken by the relevant authorized bodies in each entity, in full compliance with the Group's internal control system. This system includes arrangements to supervise and control the commitments made by these entities at different levels. Significant commitments are handled by the Group's senior management or, when required by the internal rules, by the Board itself. As well as its accounting and financial responsibilities, the Board examines and approves transactions involving strategic issues or exceeding a certain threshold. Senior management reviews these transactions before submitting them to the Board.

Consequently, Cegedim's senior management and Board of Directors play similar roles when it comes to operational and strategic management, as both are called upon to decide on the operations that the business units submit to them. Combining the roles of Chairman of the Board and Chief Executive Officer therefore makes sense. Furthermore, the Board believes that this system of governance, which has the added advantage of presenting a coherent face to third parties at the Group's highest level, is still particularly effective.

Internal Rules of the Board of Directors

At its Board meeting on March 19, 2020, Cegedim updated its bylaws. These bylaws primarily govern the Board's composition, missions, responsibilities, and operating procedures. They are available on the company's website at:
https://www.cegedim.fr/finance/gouvernement/Documents/cegedim-reglement-interieur.pdf

Summary of MiddleNext Recommendations

Recommendations	Compliant	Explanation
R1 Code of conduct for Board members	Yes	-
R2 Conflicts of interest	Yes	-
R3 Board composition – presence of independent directors	Yes	-
R4 Board member information	Yes	
R5 Holding of Board and committee meetings	Yes	
R6 Creation of committees	Yes	
R7 Existence of bylaws for the Board of Directors	Yes	
R8 Selection of each Director	Yes	
R9 Board members' terms of office	No	The terms of 60%, 30% and 10% of board members expire in 2022, 2025 and 2024 respectively. When they come up for renewal in 2022, the Board will submit a proposal to extend the mandates of some members for a period of two rather than six years, in order to stagger the terms of office.
R10 Remuneration of directors	Yes	-
R11 Assessment of the Board's work	Yes	-
R12 Relations with shareholders	Yes	-
R13 Definition and transparency of compensation of corporate officers	Yes	-
R14 Succession plan for corporate officers	Yes	-
R15 Concurrent holding of a corporate mandate and an employment contract	No	It should be observed that Jean-Claude Labrune, Laurent Labrune and Pierre Marucchi have employment contracts with FCB and Cegedim. Jean-Claude Labrune is Chairman of Cegedim's Board and Chief Executive Officer of Cegedim, Laurent Labrune and Pierre Marucchi are both Deputy Managing Directors of Cegedim. The combining of corporate office with employment contracts by the Chairman and Deputy Managing Directors is warranted by the fact that all three joined the Group as employees and then became corporate officers. Given their seniority in the Group, their employment contracts have been maintained. All their compensation is paid in respect of their employment contracts. Thus, any retirement benefits will be those defined by their employment contracts and not in respect of their position as corporate officers.
R16 Retirement benefits	Yes	-
R17 Supplementary retirement schemes	Yes	-
R18 Stock-options and bonus shares	Yes	-
R19 Review of watch-points	Yes	-

2.2 Composition of the Board of Directors

Administrative, management and supervisory bodies	The Board of Directors is a collegial body. Members are collectively responsible for its decisions and must keep all deliberations confidential. The Board of Directors may have a maximum of 18 members. Each member serves a six-year term.
Composition of the Board of Directors	As of this Universal Registration Document's publication date, the Board of Directors has ten members, including three independent directors, i.e. 33%. The Board of Directors has four female members (40%) as of this Universal Registration Document's publication date. The description of conflicts of interest within the administrative and management bodies and the criteria for director independence are provided later in this chapter. Jean-Claude Labrune is Aude Labrune's and Laurent Labrune's father. The business address provided for the directors is the Company's registered office: c/o Cegedim, 129-137 Rue d'Aguesseau, 92100 Boulogne Billancourt, France.
Censors	Censors are appointed by the Shareholders' Meeting on the recommendation of the Board of Directors which is advised by the Nomination Committee. There may be no more than four censors and they are each appointed for a maximum of two years. Their main assignment is to attend the meetings of the Board of Directors, where necessary, and to contribute requisite information, expertise, and knowledge regarding the Group's activities. Their role is an advisory one. The current censor is Mr. Frédéric Duschesne,is member of several Boards of Directors and Boards of Experts, former Chairman and CEO of the Pharmaceutical Division of Pierre Fabre.
Succession plan	The Nomination Committee regularly examines the Group's succession plan and implements or updates it with a view to: – short-term needs: unplanned absences (resignation, impediment, death); – long-term needs: planned replacements (retirement, expiry of term of office). The Nomination Committee works closely with Senior Management to ensure the overall consistency of the succession plan and monitor the situation of employees in key positions. Both the Board and the Committee take special care to ensure that this information remains confidential.
Principles relating to the Board's composition	The Board of Directors regularly examines its own composition and that of its committees to ensure they are well-balanced, particularly with regard to diversity (of gender, nationality, age, skills, professional experience, etc.). In accordance with Article L.255-37-4 of the French Commercial Code, the table on the following page illustrates the Board of Directors' diversity policy, including the criteria, targets, implementation, and results for 2019. This diversity policy is applied at Cegedim SA, and has notably resulted in a balanced representation of men and women. For example, one-third of the positions of highest-responsibility (10% of all positions) are held by women.

The Board of Directors' diversity policy

Criterion	Results for 2019	Target
Gender	40% Women	Equal representation of women and men within the Board
Independence	30% Independent directors	Compliance with the MiddleNext Code for audited companies, one-third of the Board's directors are independent.
Age	57 Average age	No more than one-third of Board members are over 75 years old.
Average tenure	15 years Of service	-

Composition of the Board and its committees

Director	Independent Director	First year of appointment	Term end date	Audit Committee	Nomination Committee	Compensation Committee	Strategy Committee
Jean Claude Labrune	No	1969	2022	-	Chairman	-	Chairman
FCB represented by Pierre Marucchi	No	1989	2022	Member	-	-	-
GERS, GIE represented by Nicolas Giraud	No	1995	2022	-	-	-	-
Marcel Khan	Yes	2016	2022	Chairman	Member	member	
Laurent Labrune	No	2001	2025	-	-	-	Member
Aude Labrune	No	2007	2025	Member	-	Member	-
Catherine Abiven	No	2019	2025	-	-	-	-
Sandrine Debroise	No	2016	2022	-	-	-	-
Jean Pierre Cassan	Yes	2010	2022	Member	Member	Chairman	-
Béatrice Saunier	Yes	2018	2024	-	-	-	-

Board of Directors diversity policy

Jean Claude Labrune
Chairman of the Board
Chairman of the Nomination Committee
Chairman of the Strategy Committee
Chief Executive Officer

Aude Labrune
Member of the board
Member of the Audit and Compensation Committee

Laurent Labrune
Member of the board
Member of the Strategy Committee
Deputy managing Director

Sandrine Debroise
Member of the board
Group Chief Financial Officer

FCB
Represented by **Pierre Marucchi**
Member of the board
Member of the Audit Committee
Deputy managing Director

Catherine Abiven
Member of the board
Chief Operating Officer, France, at Cegedim Insurance Solutions

GIE GERS
Represented by **Nicolas Giraud**
Member of the board

Béatrice Saunier
Member of the board

Jean-Pierre Cassan
Member of the board
Chairman of the Compensation Committee
Member of the Audit and Nomination Committee

Marcel Kahn
Member of the board
Chairman of the Audit Committee
Member of the Compensation and Nomination Committee

Offices and experience

Jean-Claude Labrune

Date of first appointment
December 1, 1969
Term of office end date
AGM 2022

Offices and positions held in any company as of December 31, 2019

Offices held at French and international Cegedim subsidiaries

- Chairman of the Board of Cetip since June 28, 2001.
- Chairman of SASU GERS since March 30, 2010.
- Manager of Cegedim Média since June 30, 2000.
- Member of the Board of Cegedim since April 12, 1989.
- Chairman of the Board and CEO of Cegedim since August 18, 1994.

Offices held currently, other than in companies controlled by Cegedim

- Chairman of the Supervisory Board of FCB since February 5, 2013.
- Chairman of SAS Château de la Dauphine since November 26, 2015.

Offices held in the past five years, other than in companies controlled by Cegedim

- None.

Experience

Jean-Claude is a graduate of École Nationale Supérieure des Arts et Métiers. During his years as a sales engineer at IBM, he mostly canvassed the pharmaceutical industry. He was a promoter of the professional discussion groups that brought together IT Directors of pharmaceutical companies, such as Cedhys. He founded Cegedim in 1969 to provide solutions to the issues raised by the profession.

Aude Labrune

Date of first appointment
April 27, 2007
Term of office end date
AGM 2025

Offices and positions held in any company as of December 31, 2019

Offices held at French and international Cegedim subsidiaries

- Member of the Board of Cegedim since April 27, 2007.
- Member of the Board of Cetip since May 15, 2013.
- Manager of Santestat.

Offices held currently, other than in companies controlled by Cegedim

- Chairman of the Executive Board of FCB since February 5, 2013.
- Managing Director of Château de La Dauphine since November 26, 2015, and of SCB since July 13, 2011.

Offices held in the past five years, other than in companies controlled by Cegedim

- None.

Experience

Aude has a master's degree in business law and a post-graduate degree in international tax law. She joined Cegedim in 1999, before heading up Rosenwald, a Cegedim subsidiary. She served as Executive General Manager in charge of legal affairs for the active holding company FCB and then as Chairman of the Executive Board of FCB. Aude also serves as Director of Communications at Cegedim.

Laurent Labrune

Date of first appointment
April 18, 2001
Term of office end date
AGM 2025

Offices and positions held in any company as of December 31, 2019

Offices held at French and international Cegedim subsidiaries

- Member of the Board of Cegedim since April 18, 2001.
- Deputy Managing Director of Cegedim since November 26, 2015.
- Chairman of SASU Cegedim SRH, Futuramedia, and Docavenue.
- Member of the Boards of Cetip and Cosytec.
- Director of Cegedim SRH (UK), Millenium (Italy), Alliadis Europe UK and THIN (Germany).
- Managing Director Cegedim Germany.

Offices held currently, other than in companies controlled by Cegedim

- Member of the Executive Board of FCB since February 5, 2013.
- Managing Director at Château de La Dauphine since November 26, 2015.

Offices held in the past five years, other than in companies controlled by Cegedim

- • Chairman of Pulse Systems Inc (USA) until August 15, 2019.

Experience

Laurent is a graduate of École Nationale Supérieure des Arts et Métiers. In 1995 he joined Cegedim, where he notably coordinated the Group's IT development, before heading up the Cegedim SRH subsidiary and going on to become Executive Chairman of the new entity Cegedim Relationship Management. He has been Deputy Managing Director of Cegedim since November 26, 2015.

GERS | represented by Nicolas Giraud

Date of first appointment
GERS since
March 6, 1995
Nicolas Giraud since April 2018
Term of office end date
AGM 2022

Offices and positions held in any company as of December 31, 2019

Offices held at French and international Cegedim subsidiaries[1]

- Representative of GERS, an economic interest group (GIE), on Cegedim's Board of Directors of since April 2018.

Offices held currently, other than in companies controlled by Cegedim [1]

- Chairman of the Board of GERS.
- Member of the Board of Directors of l'AFIPA (French Association of the Pharmaceutical Industry for a Responsible self-medication) and of LEEM (Drug Companies).

Offices held in the past five years, other than in companies controlled by Cegedim [1]

- Chairman of Lundbeck France (up to December 2016).
- Member of the Board of Directors of Lundbeck Belgium (up to December 2016).

Experience

The GERS is an economic interest group (GIE), a consortium of pharmaceutical companies operating in France. As such, its representative, Nicolas Giraud, has a full understanding of the industry's needs. He pays especially close attention to the type and quality of services offered by Cegedim and actively makes highly knowledgeable suggestions.

(1) Offices held by Nicolas Giraud

Marcel Kahn

Date of first appointment June 14, 2016 Term of office end date AGM 2022	**Offices and positions held in any company as of December 31, 2019** Offices held at French and international Cegedim subsidiaries – Member of the Board of Cegedim since June 14, 2016. Offices held currently, other than in companies controlled by Cegedim – Chairman of Financière d'Argenson SAS, of Hubb Real Estate Investment Managers SAS, and of Amarante SAS. – Member of the Board of Advanced Credit Solutions (ACS) in Luxembourg. – Member of the Board of Aviva France. – Chairman of the Audit committee at Aviva France. Offices held in the past five years, other than in companies controlled by Cegedim – MACSF Group companies until June 2014. **Experience** Marcel is a graduate of ESSEC, a chartered accountant, and a member of the Institute of French Actuaries. He has more than 30 years' experience in finance and senior management as well as extensive knowledge of the insurance and mutual insurance provider sector. After a career with AXA, PartnerRe and Scor, he was appointed CEO of MACSF until May 2014. He currently offers consultancy and support services to senior management.

Jean Pierre Cassan

Date of first appointment January 8, 2010 Term of office end date AGM 2022	**Offices and positions held in any company as of December 31, 2019** Offices held at French and international Cegedim subsidiaries – Member of the Board of Cegedim since January 8, 2010. Offices held currently, other than in companies controlled by Cegedim – None Offices held in the past five years, other than in companies controlled by Cegedim – Vice-President of Inserm-Transfert and of IFIS. – Member of the Board of Fondation Cœur et Recherche. – Manager of Eratos Santé since May 25, 2004. **Experience** Jean-Pierre is an Independent Director and Corresponding Member of the Société Française de Cardiologie, the Honorary Chairman of LEEM (French association of medical companies) and of FEFIS (the French federation of health industries), former Vice-Chairman of the Supervisory Board of Inserm-Transfert, and Chairman of its Strategic Committee, former Board member of Fondation Cœur à Recherche, former Chairman & CEO of Astra France, then of Astra Zeneca France, former Member of the Board of Afssaps, former Vice- President of IFIS (the Health Industries Training Institute), and an honorary member of the CPHG (College of General Hospital Lung Specialists).

FCB | Represented by Pierre Marucchi

Date of first appointment
April 12, 1989

Term of office end date
AGM 2022

Offices and positions held in any company as of December 31, 2019

Offices held at French and international Cegedim subsidiaries(2)

- Permanent representative of FCB on Cegedim SA's Board of Directors since April 12, 1989;
- Deputy Managing Director of Cegedim since April 23, 2002;
- Member of the Board of Cetip;
- Chairman of SASU: Cegedim Ingénierie, Incams, RM Ingénierie, Cegedim.Cloud, I-Assurances, and Cegedim Assurances Conseil;
- Managing Director of Cegedim SRH and Futuramedia
- Manager of Resip, Cegedim SRH Montargis, and Cegedim Holding Santé;
- Chairman of Croissance 2006 (Belgium), Stacks Consulting E Ingeniera de Software (Spain), Stacks Servicios Technologicos (Spain), and Cegedim SRH Switzerland
- Managing Director of Cegedim Belgium and Stacks Servicios Technologicos (Chili);
- Member of the Board of Cegedim Service Center (Romania);
- Director of Millennium (Italy), Cegedim SRH (UK), Cegedim Internal Services (Ireland), Acrossduty Ltd (UK), Pembroke Fitzwilliam Investment (Ireland), Cegedim Data Services (UK), Activus Ltd, Cegedim Holding Ireland Limited (Ireland), Cegedim Europe Holding (Ireland), Cegedim Healthcare Services (UK), and Cegedim World Internal Services (UK).

Offices held currently, other than in companies controlled by Cegedim(2)

- Chairman of MARUCCHI SAS since November 2010;
- Vice-Chairman of the Supervisory Board of FCB since February 5, 2013;
- Manager of IRIS since July 21, 1997;
- Managing Director of Château de La Dauphine since November 26, 2015.

Offices held in the past five years, other than in companies controlled by Cegedim(2)

- Chairman of SASU Chebranmic until June 12, 2015, Cegedim Software until December 31, 2018, and Laboratoire NYM until March 6, 2019;
- Member of the Board of Rue de la Paye until April 18, 2019;
- Director of Cegedim Healthcare Software R&D (Ireland).

Experience

Pierre holds degrees from École Nationale Supérieure des Télécommunications (France), Stanford University (USA), and Centre d'Études Supérieures Bancaires. He is also a member of the Institute of French Actuaries. He began his career in 1977 at Crédit Lyonnais, where he held various technical and sales positions. He joined Cegedim Group's senior management team in 1984.

(2) Offices held by Pierre Marucchi

Sandrine Debroise

Date of first appointment June 14, 2016 Term of office end date AGM 2022	**Offices and positions held in any company as of December 31, 2019** Offices held at French and international Cegedim subsidiaries – Member of the Board of Cegedim since June 14, 2016. Offices held currently, other than in companies controlled by Cegedim – None. Offices held in the past five years, other than in companies controlled by Cegedim – None. **Experience** Sandrine is a chartered accountant and has post-graduate degrees in Accounting and Finance and in Corporate Tax from the University of Paris, Dauphine. She began her career at KPMG Audit Paris and joined Cegedim in 1999 as a senior manager in the Finance department. After serving there in a variety of positions, including Group CFO since 2010, she is now CFO of FCB, the family holding company.

Béatrice Saunier

Date of first appointment August 31, 2018 Term of office end date AGM 2024	**Offices and positions held in any company as of December 31, 2019** Offices held at French and international Cegedim subsidiaries – • Member of the Board of Cegedim since August 31, 2018. Offices held currently, other than in companies controlled by Cegedim – None Offices held in the past five years, other than in companies controlled by Cegedim – None **Experience** After graduating from business school, Béatrice earned a post-graduate D.E.A. degree in Foreign Affairs at the University of Paris La Sorbonne. She began her career at M6 as a Licensed Product Manager in 1995, then served as Head of Sport and Acquisitions at Pathesport, where she was also a member of the Executive Committee. After that, she joined Canal+ as Deputy Director in Charge of Sports Rights and Acquisitions. In 2016, she joined IMG. Today she is Director of IMG Media France, responsible for leading and growing IMG´s business development activities in IMG Media across France. She has also overseen rights sales for the IMG Sports Media portfolio, which includes programming from over 200 clients and events.

Catherine Abiven

Date of first appointment August 30, 2019 Term of office end date AGM 2025	**Offices and positions held in any company as of December 31, 2019** Offices held at French and international Cegedim subsidiaries – Member of the Board of Cegedim since August 30, 2019. – Member of the Board of CETIP since November 8, 2017. – Deputy Managing Director of CETIP since November 2018. Offices held currently, other than in companies controlled by Cegedim – None Offices held in the past five years, other than in companies controlled by Cegedim – None **Experience** Catherine Abiven holds advanced degrees in international business management and insurance from the University of Paris Dauphine's MBA program. She is also accredited as a company director through a program run jointly by Sciences-Po and the French Institute of Directors (IFA). She began her career at AG2R, where she served as the head of information systems before taking over responsibility for management control, internal control, audit, and accounting. After AG2R, she joined D&O in 2007 as a senior executive. When D&O merged with Mornay to form KLESIA, Ms. Abiven rose to the position of Deputy CEO starting in January 2013. She joined Cegedim Group in October 2017 as Chief Operating Officer, France, at Cegedim Insurance Solutions. In that role, she notably oversees software development, third-party payment systems, and outsourced management services for insurance companies.

Changes to the Board of Directors

Director appointed	The AGM of August 30, 2019, appointed Ms. Catherine Abiven to the post of director for a six-year term that will end with the AGM called to approve the accounts of the fiscal year ending in 2025.

Independent directors

Independence criteria

To gauge directors' independence and prevent potential conflicts of interest, the Board has adopted the following criteria, as defined in the MiddleNext Governance Code.

- Criterion 1 They must not be a salaried employee or corporate officer of the Group, and must not have been one within the past five years.
- Criterion 2 They must not have a significant business relationship with the Group, and must not have had one within the past two years.
- Criterion 3 They must not be a reference shareholder of the Group and must not hold a significant percentage of voting rights.
- Criterion 4 They must not have a close relationship or family ties with a corporate officer or a reference shareholder.
- Criterion 5 They must not have been a statutory auditor of the Group within the past six years.

Assessing independence

Every year, the Nomination Committee assesses the independence of each board member using the criteria listed above. When determining a director's independence with respect to the direct or indirect business relationship criterion, a complementary quantitative and qualitative analysis is performed case by case to determine if any possible business relationships are material and whether or not the board member in question is, in fact, independent.

In 2019, building on the work of the Nomination Committee, the Board of Directors examined—as it does for the other criteria—whether any business relationships exist between Cegedim Group and the company or group to which each independent director belongs. The Board determined that, with the exception of Marcel Khan, none of the independent directors has a business relationship with Cegedim Group or its senior management.

The Board of Directors performed a quantitative and qualitative assessment of the situation of Marcel Khan, Chairman of Financière d'Argenson SAS, and the business relationship between Financière d'Argenson SAS and Cegedim Group in 2019. From both perspectives, dealings between the two companies, all businesses included worldwide, were below the materiality threshold used by the Board of Directors —1% for the Cegedim Group and 10% for the other party— Thus, the Board determined that Marcel Kahn is independent owing notably to the lack of any financial dependence.

Table of independence criteria

Director	1	2	3	4	5	Independent
Jean Claude Labrune					✓	
FCB represented by Pierre Marucchi					✓	
GERS, GIE represented by Nicolas Giraud	✓			✓	✓	
Marcel Khan	✓	✓	✓	✓	✓	✓
Laurent Labrune					✓	
Aude Labrune					✓	
Catherien Abiven	✓		✓	✓	✓	
Sandrine Debroise	✓		✓	✓	✓	
Jean Pierre Cassan	✓	✓	✓	✓	✓	✓
Béatrice Saunier	✓	✓	✓	✓	✓	✓

Declaration on Board Members

Conflicts of interest in administrative and management bodies	The Board's bylaws state that each director must notify the Board of any actual or potential conflict of interest with Cegedim SA or any other Group company, and must refrain from voting on any matter that affects them directly or indirectly, must not participate in any discussions regarding the matter, and in extreme cases must step down. The Board of Directors evaluates each Director's situation annually to prevent conflicts of interest. The bylaws are reviewed regularly to determine if any changes are necessary to keep pace with changes in governance rules and practices. The full text of the bylaws is available on the Company's website. Cegedim has commercial relationships with two of its Directors and their respective groups. In particular, with economic interest group GIE GERS (a consortium of pharmaceutical companies) and Financière d'Argenson, whose chairman, Marcel Kahn, serves on Cegedim's Board of Directors and which supplies the Group with consulting services. GIE GERS ceased to be a shareholder in Cegedim on May 11, 2010, but still has a seat on the Board of Directors. Contracts with GIE GERS and Financière d'Argenson were entered into under normal market conditions and respectively represent revenues of less than 0.20% and 0.01% of the Company's 2019 consolidated revenue. The relationships between Cegedim and the above-mentioned entities do not therefore create any conflicts of interest. Most of the companies belonging to the Cegedim Group rent the buildings they use for their businesses. Cegedim SA rents the entire premises it occupies in Boulogne-Billancourt. Some rent is paid to companies, for example the active holding company FCB and various SCIs (Société Civile Immobilière, French non-trading property companies), whose Board members also sit on Cegedim SA's Board. Most of these rental contracts are customary agreements (conventions courantes). Those that are regulated agreements are listed in the Statutory Auditors' Special Report provided in Chapter 8, Section 8.2 of this Universal Registration Document. In 2019, the sums involved (rent for premises and car parks) totaled €6.6 million, excluding occupancy expenses. Rents are, and will continue to be, established according to market levels.
Statements relating to corporate governance	During the last five years and to the best of the Company's knowledge: – No member of the administrative and management bodies has been convicted of fraud; – No member of the administrative and management bodies has been associated with bankruptcy, receivership, or liquidation; – No indictments and/or official public sanctions have been handed down against these persons by the statutory or regulatory authorities, or by the designated professional bodies; – No member of the administrative and management bodies has been prevented by a court from serving as a member of an issuer's administrative, management, or supervisory body or from participating in the management and conduct of an issuer's business dealings.

Other information on board members

Corporate officers' equity interests in the Company and securities transactions by corporate officers

The first statement below summarizes, to the best of the Company's knowledge, the securities transactions of corporate officers between January 1, 2019, and December 31, 2019

The second statement below summarize, to the best of the Company's knowledge, the securities transactions of corporate officers between December 31, 2019 and the date of publication of this Universal Registration Document.

	Number of shares held on 12/31/2018	Number of free shares granted during the year	Number of shares bought	Number of shares sold	**Number of shares held on 12/31/2019**
Bpifrance participations	419,915				419,915
Jean-Pierre Cassan	0				0
Sandrine Debroise	4,520	700			5,220
FCB	7,407,411		22,957		7,430,368
GIE GERS	0				0
Marcel Kahn	0				0
Aude Labrune(1)	1				1
Jean-Claude Labrune(1)	0				0
Laurent Labrune(1)	1,601				1,601
Pierre Marucchi(2)	16,012			3,234	12,778
Nicolas Giraud	0				0
Béatrice Saunier(3)	0				0
Catherine Abiven(4)	466	535			1,001

(1) Jean-Claude Labrune, Aude Labrune and Laurent Labrune are shareholders of FCB, which owns 53.08% of the equity of Cegedim SA.
(2) Shares held directly and indirectly via the company MARUCCHI SAS. Mr. Pierre Marucchi is also a shareholder of FCB, which owns 53.08% of the equity of Cegedim SA.
(3) Appointed August 31, 2018
(4) Appointed August 30, 2019

	Number of shares held on 12/31/2019	Number of free shares granted during the year	Number of shares bought	Number of shares sold	**Number of shares held on date of publication of this document**
Bpifrance participations	419,915			35,204	384,711
Pierre Marucchi(1)	12,778			2,841	9,937

(1) Shares held directly and indirectly via the company MARUCCHI SAS. Mr. Pierre Marucchi is also a shareholder of FCB, which owns 53.08% of the equity of Cegedim SA.

2.3 Board of Directors operating procedures

Frequency of meetings	Article 13 of Cegedim SA's bylaws states that the Board of Directors meets as often as the Company's interests dictate. The Board of Directors met seven times in 2019.
Board of Directors deliberations and decisions	In addition to the legally required deliberations and decisions on the agenda (principally the notice convening the Shareholders' Meeting and the preparation of the annual Management Report), the Board of Directors was mostly called upon to: – Review its procedures; – Approve the Group's financial statements and budget (approval of 2018 annual consolidated financial statements, 2019 interim consolidated statements, and 2019 provisional statements), and the five-year business plan. The Board was kept informed of the Group's financial position through the Audit Committee reports and the presentations given at each meeting by the Deputy Managing Director; – Award free shares; – Appoint a new director (Ms. Abiven); – Review the share buyback program; – Authorize security interests, endorsements, and guarantees; – Approve the reclassification of agreements subject to the regulated agreements process as customary agreements; – Prepare the annual general meeting and extraordinary general meeting of shareholders; – Appoint a censor; – Approve revenue figures for the first and third quarter of 2019.

Directors' attendance at Cegedim SA board meetings in 2019

Date	Rate of attendance
January 29	89%
March 27	78%
May 15	89%
July 15	67%
September 18	90%
October 24	100%
November 7	90%

Members are considered absent even if they have designated another director to act as their proxy.

Convening of Directors	The Directors were convened by fax and e-mail in compliance with article 13 of Cegedim SA's bylaws. In accordance with article L. 225-238 of the French Commercial Code, the Statutory Auditors were summoned to the Board of Directors meetings at which the annual and interim financial statements were examined and approved.

Information provided to Directors	All the documents and information required by the Directors to perform their duties were sent to them prior to each Board meeting. The Board of Directors may perform the checks and audits it considers appropriate at any time of the year. For these purposes, each Director may request the documents needed to perform his/her duties from the Chairman of the Board of Directors.
Meeting location	Meetings of the Board of Directors are held at the Company's registered office.
Meeting minutes	Minutes of meetings of the Board of Directors are drawn up at the end of each meeting, sent to the Directors, and approved by them at the next meeting.
Assessment of the Board of Directors' operating procedures	In accordance with its bylaws, since 2010 the Board of Directors has set an agenda item at least once a year to discuss its operating procedures. The commitment and contributions of the Directors were identified as strengths, as was the trusting relationship the Board has with senior management. When debating important decisions, the Board was able to draw on the groundwork of the Audit Committee, which met before every Board meeting. After reviewing the Board's work in 2019, the Audit Committee found that the diligence of the members and frequency with which they met fulfilled the obligations set out in the Charter that the Board of Directors had approved.
Limitations on the powers of the Chairman & CEO and the Deputy Managing Director	The Board of Directors has not imposed any limitations on the powers of Jean-Claude Labrune, Chairman & CEO, or Pierre Marucchi, Deputy Managing Director, or Laurent Labrune, Deputy Managing Director.
Provisions in the articles of incorporation and bylaws concerning administrative and management bodies	The provisions in Cegedim's bylaws concerning the members of its administrative and management bodies comply with current legislation. Articles L.225-54 and L.225-48 of the French Commercial Code require companies to set an age limit in their bylaws for the positions of CEO and Chairman of the Board of Directors , barring which they are set at age 65 by default. Cegedim's bylaws have set this age limit at 85. If the Chairman or CEO in office exceeds this age, he is deemed to have resigned from office at the end of the next meeting of the Board of Directors.

2.4 Board committee operating procedures

The Board committees	The Board of Directors has four standing committees tasked with improving its functioning and facilitating its decision-making through a prior review of specific subjects in their specialized areas. These committees are: – The Audit Committee; – The Nomination Committee; – The Compensation Committee; – The Strategy Committee.
Audit Committee composition	Cegedim's Audit Committee comprises four Board members, including one independent Board member. The members of the Audit Committee are: Marcel Kahn, Chairman; Aude Labrune, Pierre Marucchi, and Jean-Pierre Cassan, the independent member. In view of their current and/or previous professional responsibilities, which are described in the Universal Registration Document, the four members of the Audit Committee possess, either individually or collectively, accounting, audit, and financial expertise, in particular about the Group's sectors of activity. Cegedim Group's Finance Director, Director of Investments, Director of Risk & Compliance, and Statutory Auditors are invited to attend each meeting of the Audit Committee.
Audit Committee procedures	The Audit Committee helps the Board of Directors ensure that the Company's individual financial statements and related information provided are accurate and reliable. It notably: – Reviewed its procedures; – Set its agenda for 2019; – Reviewed Internal Control efforts; – Examined the annual and interim financial statements; – Reviewed the five-year business plan and Cegedim SA's forecast statements; – Examined internal control efforts as they relate to the Sapin II Act and the Group risk map; – Monitored the preparation process for financial information; – Reviewed the Group's financial strategy; – Ensured the statutory auditors' compliance with independence and objectivity requirements; – Examined revenue figures for the first and third quarters; – Examined the contract renewal process for the statutory auditors and recommended an auditor. The Audit Committee meets at least twice each year, before the approval of the Company's annual and interim financial statements. The Audit Committee met five times in the past financial year, on January 29, March 26, May 14, September 17, and October 23, 2019. The Audit Committee has its own bylaws, which are updated regularly.
The Strategy Committee	Following the resignation of Anne- Sophie Hérelle, which was formally accepted at the March 20, 2018, Board meeting, the Strategy Committee comprises two Directors: Jean- Claude Labrune, Chairman and Laurent Labrune. The Chairman of the Board chairs the Strategy Committee. The Strategy Committee identifies potential targets and proposes areas of development for the Company to the Board. It met seven times in 2019.

The Nomination Committee

Cegedim's Nomination Committee comprises three Board members, including one independent Board member. The members of the Nomination Committee are: Chairman Jean-Claude Labrune, Marcel Kahn, and Jean-Pierre Cassan, the independent member.

The main duties of the Nomination Committee are to examine and submit proposals to the Board of Directors to:

- Select Board members based on the composition of and changes to the Company's shareholding structure;
- Select independent Board members by carrying out its own research into potential candidates before they are approached in any way;
- Design a succession plan for replacing executive officers so that proposals can be submitted to the Board of Directors in the event of an unforeseen vacancy.

The Nomination Committee meets at least once a year, before the Board meeting that convenes the Annual General Meeting and approves the meeting agenda.

The Nomination Committee met twice in the past financial year, on July 20 and November 7, 2019.

In 2019 it notably reviewed:

- The appointment of a new director;
- The appointment of a censor.

The Compensation Committee

The Compensation Committee comprises three Directors. Jean-Pierre Cassan (Independent Director and Chairman), Aude Labrune, and Marcel Kahn.

The Compensation Committee makes recommendations to the Board regarding compensation of the Company's corporate officers. It reviews and submits proposals to the Board regarding compensation of the Company's Board Members, Chairman, CEO, and Deputy Managing Director. It examines free share award policies and any proposed capital increase reserved for employees.

The Compensation Committee meets at least once a year, before the Board meeting that convenes the Annual General Meeting and approves the meeting agenda.

In 2019, the Compensation Committee met twice, on January 29 and March 27, 2019, to approve the free share award plan and compensation for board members, the Chairman and CEO, and Deputy Managing Directors.

2.5 Compensation policy

Principles governing the compensation of corporate officers

Compensation policy for corporate officers

The corporate officers, Jean-Claude Labrune, Laurent Labrune, and Pierre Marucchi, have employment contracts with FCB and Cegedim SA. All of their compensation is governed by those employment contracts. The compensation paid to Jean-Claude Labrune, Laurent Labrune, and Pierre Marucchi by FCB is not subject to any regulated agreements, because they are paid in respect of the employment contract and not in respect of their role as corporate officers.

Jean-Claude Labrune is Chairman of the FCB Superviaory Board, Laurent Labrune is a member of the FCB Executive Board, and Pierre Marucchi is Vice-Chairman of the FCB Supervisory Board.

Jean-Claude Labrune is Chairman and CEO of Cegedim SA. Laurent Labrune and Pierre Marucchi are Deputy Managing Directors of Cegedim SA.

The combining of corporate office with employment contracts by the Chairman and Deputy Managing Directors is warranted by the fact that all three joined the Group as employees and then became corporate officers. Given their seniority in the Group, their employment contracts have been maintained.

All their compensation is paid in respect of their employment contracts. Thus, any retirement benefits will be those defined by their employment contracts and not in respect of their position as corporate officers.

Aude Labrune and Sandrine Debroise are employed by FCB and have employment contracts with FCB. Aude Labrune is the Chairwoman of the FCB Executive Board and Director of Communications for Cegedim Group. Sandrine Debroise is CFO of FCB and Cegedim Group.

Catherine Abiven is Director of Operations, France, for Cegedim Insurance Solutions and has an employment contract with Cegedim Activ.

There are management fee agreements binding Cegedim to its holding company FCB, with which it has Board Members in common. See Chapter 8, point 8.2 "Statutory Auditors' special report on regulated agreements" section 4 "With FCB – Contract for services". Cegedim pays quarterly installments based on the previous year's invoicing, subject to an annual correction based on actual services. In 2019, total annual retainer fees came to €2.0 million. This amount corresponds to the rebilling of salaries and consultancy fees borne by FCB and attributable to Cegedim. The consultancy fees represent less than 10% of the total. The salary portion corresponds to the pro rata rebilling of time spent by each FCB employee (Jean-Claude Labrune, Laurent Labrune, Aude Labrune, Pierre Marucchi, Sandrine Debroise, and Jan Eryk Umiastowski) working on behalf of Cegedim. The contract was initiated in 2005 for a period of one year and is automatically renewable for additional one-year periods.

This agreement was the subject of a Statutory auditors' special report on regulated agreements, as noted in Chapter 8, Section 8.2.

The amount of the variable portion is based on the Group's earnings. The variable compensation of Pierre Marucchi and Laurent Labrune varies in proportion to fluctuations in the Group's Recurring Operating Income[1]. The Group's reorganization and business model transformation resulted in significant exceptional charges. As a result, the Recurring Operating Income[1] figure best reflects the Group's actual operating performance.

The Company has made no commitments to its corporate officers corresponding to remuneration, indemnities, or benefits due or likely to be due as a result of taking up, leaving, or changing functions or subsequent to holding them. There are no stock-option plans (subscription or purchase options) within Cegedim Group. There are no financial instruments that entitle their holders to a share of capital, nor other optional instruments of any kind, subscribed by senior managers or employees as part of issues reserved for employees.

(1) See Chapter 4 "Consolidated financial statements", Section 4.6, Note 2 on alternative performance indicators.

Pension, retirement, and similar benefits	There are no particular supplemental retirement plans set up for specific corporate officers. All the relevant information regarding the calculation of the provision for retirement compensation is presented in the Accounting Principles and Note 18, Retirement Commitments, of the Consolidated Financial Statements in Chapter 4, Section 4.6 of this Universal Registration Document.
Cegedim SA directors' fees	A proposal will be submitted at the General Meeting to approve the total amount of Directors' fees allocated to the Board of Directors for the current financial year—the amount could be €148,000.
Stock options	There are no stock option plans at Cegedim Group either for senior managers or for any other employee category. However, the Group has set up a free share award plan. It should be noted that this plan does not concern company officers or senior management (Chairman/CEO and Deputy Managing Director).

Tables required in accordance with AMF recommendations

Description	In accordance with article L.225-102-1 of the French Commercial Code, the compensation and benefits of corporate officers include remuneration received from the active holding company. The total gross compensation amounts, including benefits of any kind paid directly or indirectly to each named corporate officer, are presented in the tables below.

Table 1 – Summary of compensation, stock options and free shares granted to each executive corporate officer

in euros	2019	2018
Jean-Claude Labrune – Chairman of the Board – Chief Executive Officer		
Compensation due for the financial year (see Table 2)	539,536	539,536
Value of options granted during the financial year (see Table 4)	-	-
Value of free shares granted during the financial year (see Table 6)	-	-
Total	**539,536**	**539,536**

in euros	2019	2018
Laurent Labrune – Deputy Managing Director		
Compensation due for the financial year (see Table 2)	614,003	594,003
Value of options granted during the financial year (see Table 4)	-	-
Value of free shares granted during the financial year (see Table 6)	-	-
Total	**614,003**	**594,003**

in euros	2019	2018
Pierre Marucchi – Deputy Managing Director		
Compensation due for the financial year (see Table 2)	1,078,676	601,813
Value of options granted during the financial year (see Table 4)	-	-
Value of free shares granted during the financial year (see Table 6)	-	-
Total	**1,078,676**	**601,813**

Table°2 – Summary of compensation paid to each executive corporate officer

Jean Claude Labrune	Amounts for 2019		Amounts for 2018	
in euros	Payable (1)	Paid(2)	Payable (1)	Paid (2)
Fixed compensation linked to the FCB employment contract	253,500	253,500	253,500	253,500
Fixed compensation linked to the Cegedim SA employment contract	260,000	260,000	260,000	260,000
Total fixed compensation	**513,500**	**513,500**	**513,500**	**513,500**
Variable compensation linked to the Cegedim employment contract(3)	-	-	-	-
Special payments linked to the Cegedim SA employment contract	-	-	-	-
Board member compensation(5)	14,000	14,000	14,000	14,000
Benefits in kind related to the employment contract(6)	12,036	12,036	12,036	12,036
Total	**539,536**	**539,536**	**539,536**	**539,536**

Laurent Labrune	Amounts for 2019		Amounts for 2018	
in euros	Payable (1)	Paid(2)	Payable (1)	Paid (2)
Fixed compensation linked to the FCB employment contract	247,000	247,000	247,000	247,000
Fixed compensation linked to the Cegedim SA employment contract	120,250	120,250	120,250	120,250
Total fixed compensation	**367,250**	**367,250**	**367,250**	**367,250**
Variable compensation linked to the Cegedim employment contract(3)	**223,353**	**201,203**	**201,203**	**227,766**
Special payments linked to the Cegedim SA employment contract(4)	20,000	20,000	-	-
Board member compensation(5)	14,000	14,000	14,000	14,000
Benefits in kind related to the employment contract(6)	11,550	11,550	11,550	11,550
Total	**636,153**	**614,003**	**594,003**	**620,566**

For Jean-Claude Labrune and Laurent Labrune, the fixed compensation is paid by FCB and Cegedim SA only. The variable compensation is paid by Cegedim SA only. The special payments may be paid by FCB and/or Cegedim SA.
(1) The variable compensation due for a given financial year is paid the following financial year.
(2) The variable compensation paid in a given financial year is the amount owed from the previous financial year.
(3) The variable compensation of Laurent Labrune varies in proportion to fluctuations in the Group's EBIT before special items (see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
(4) In 2019, Laurent Labrune's special payment is related to the work performed to set up an R&D center done in 2018 paid in 2019.
(5) Board member compensation includes board member compensation from all Cegedim Group companies. Pierre Marucchi's payment includes board member compensation from Cegedim SRH Switzerland.
(6) Company car.

Pierre Marucchi	Amounts for 2019		Amounts for 2018	
in euros	Payable (1)	Paid(2)	Payable (1)	Paid (2)
Fixed compensation linked to the FCB employment contract	160,691	160,691	161,199	161,199
Fixed compensation linked to the Cegedim SA employment contract	145,127	145,127	153,801	153,801
Total fixed compensation	**305,818**	**305,818**	**315,000**	**315,000**
Variable compensation linked to the Cegedim employment contract(3)	**154,080**	**138,800**	**138,800**	**157,124**
Special payments linked to the FCB employment contract	50,000	50,000	50,000	50,000
Special payments linked to the Cegedim SA employment contract	50,000	50,000	50,000	50,000
Special payments linked to the employment contract(4)	**100,000**	**100,000**	**100,000**	**100,000**
Board member compensation(5)	42,671	42,671	42,671	42,671
Benefits in kind related to the employment contract(6)	5,033	5,033	5,342	5,342
Subtotal	**607,601**	**592,322**	**601,813**	**620,137**
Upfront variable compensation payments(7)	-	*144,000*	-	*144,000*
Correction of variable compensation (7)	-	*-144,000*	-	*-72,000*
Subtotal	**607,601**	**592,322**	**601,813**	**692,137**
Retirement benefit in respect of the FCB employment contract (8)	*156,386*	*156,386*	-	-
Retirement benefit in respect of the Cegedim employment contract(8)	*329,969*	*329,969*	-	-
Total retirement benefit(8)	**486,355**	**486,355**	**-**	**-**
Total	**1,093,956**	**1,078,676**	**601,813**	**692,137**

For Pierre Marucchi, the fixed compensation is paid by FCB and Cegedim SA only. The variable compensation is paid by Cegedim SA only. The special payments may be paid by FCB and/or Cegedim SA.
(1) The variable compensation due for a given financial year is paid the following financial year.
(2) The variable compensation paid in a given financial year is the amount owed from the previous financial year.
(3) The variable compensation of Pierre Marucchi varies in proportion to fluctuations in the Group's EBIT before special items (see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
(4) In 2018, Pierre Marucchi's special payment is related to the acquisitions and financing done in 2018 at Cegedim and investments done at FCB. It was decided in 2018 and paid in 2019. In 2019, Pierre Marucchi's special payment is related to the acquisitions done in 2019 at Cegedim and investments done at FCB.
(5) Board member compensation includes board member compensation from all Cegedim Group companies. Pierre Marucchi's payment includes board member compensation from Cegedim SRH Switzerland.
(6) Company car.

(7) Variable compensation payable for a given financial year is paid upfront during that year and then corrected the next financial year.

(8) As of January 1, 2019, Pierre Marucchi earned both a retirement benefit and income from his position as Deputy Managing Director of Cegedim SA. The retirement benefits he received in 2019 are solely in respect of his employment contracts with FCB and Cegedim SA.

Table 3– Board member compensation and other compensation paid to non-executive corporate officers

Board member		Amount paid in 2019	Amount paid in 2018
Aude Labrune[(1)]	Board member compensation	14,000	14,000
	Other compensation[(1)]	355,097	355,097
Jean-Pierre Cassan	Board member compensation	18,000	18,000
	Other compensation	-	-
Sandrine Debroise [(2)] [(3)]	Board member compensation	14,000	14,000
	Other compensation[(3)]	229,222	250,382
Marcel Kahn	Board member compensation	25,000	25,000
	Other compensation	-	-
Catherine Abiven[(4)]	Board member compensation	386,342	
	Other compensation	-	
Béatrice Saunier [(5)]	Board member compensation	14,000	-
	Other compensation	-	-

(1) Aude Labrune is employed by FCB and paid by FCB. She is Chairwoman of the FCB Executive Board and Director of Communications at Cegedim. Her compensation includes fixed, variable, and exceptional compensation, as well as in-kind benefits. Part of this compensation is rebilled to Cegedim as part of the services agreement between FCB and Cegedim. For more on this point, please see Point 2.5 "Compensation policy", section "Compensation policy for corporate officers".
(2) Sandrine Debroise is employed by FCB and paid by FCB. She is the Chief Financial Officer of both FCB and Cegedim. Her compensation includes fixed, variable, and exceptional compensation, as well as in-kind benefits. Part of this compensation is rebilled to Cegedim as part of the services agreement between FCB and Cegedim. For more on this point, please see Point 2.5 "Compensation policy", section "Compensation policy for corporate officers".
(3) In 2019, Sandrine Debroise received variable compensation due in respect of 2018 and an advance on her variable compensation due in respect of 2019. The advance will be cleared in 2020. In 2019, advance payment of variable compensation due in respect of 2019 amounted to €36,000, which will be cleared in 2020.
(4) Appointed on August 30, 2019.
(5) Appointed on August 31, 2018.

Table°4 – Share subscription or purchase options granted to each executive corporate officer during the financial year

Name of the executive corporate officer	Plan number and date	Type of options	Value of options using the method applied in the consolidated financial statements	Number of options granted during the year	Strike price	Exercise period
None						

Table°5 – Share subscription or purchase options exercised by each executive corporate officer during the financial year

Name of the executive corporate officer	Plan number and date	Number of options exercised during the year	Strike price	Year granted
None				

Table 6 – Free shares granted to each executive corporate officer subject to performance conditions

Name of the executive corporate officer	Plan number and date	Number of options granted during the year	Value of shares using the method applied in the consolidated financial statements	Vesting date	Date of availability
None					

Table°7 – Free shares that became available to each executive corporate officer during the financial year

Name of the executive corporate officer	Plan number and date	Number of shares that became available during the financial year	Vesting conditions	Year granted
None				

Table°8 – History of share subscription or purchase options granted (executive corporate officers only)

	Plan number
Date of the General Meeting	**None**
Date of the Board meeting	
Total number of shares available for subscription or purchase	
Incl. number of shares that can be subscribed or purchased by:	
– Start of exercise period	
– Expiry date	
– Purchase price	
– Exercise conditions	
– Total number of shares subscribed	
– Cumulative number of share subscription or purchase options canceled or expired	
– Share subscription or purchase options outstanding at year-end	

Table°9 – Options granted to and exercised by the ten non-officer/director employees holding the most options

Share subscription or purchases options granted to the ten non-officer/director employees holding the most options, and options exercised by them	Total number	Strike price	Plan
None			

Table°10 – Summary of information related to employment contracts

Executive corporate officer Cegedim SA	Employment contract				Supplementary pension plan		Compensation or benefits due or likely to be due as a result of termination or change of office		Special compensation for a non-compete clause	
	FCB		Cegedim SA							
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Jean Claude Labrune Chairman and CEO Start of term: 2016 End of term: 2022	✓		✓			✓		✓		✓
Pierre Marucchi Deputy Managing Director Start of term: 2016 End of term: 2022	✓		✓			✓		✓		✓
Laurent Labrune Deputy Managing Director Start of term: 2013 End of term: 2025	✓		✓			✓		✓		✓

Jean-Claude Labrune, Laurent Labrune, and Pierre Marucchi also have employment contracts with FCB. Jean-Claude Labrune is Chairman of the FCB Supervisory Board, Laurent Labrune is a Member of the FCB Executive Board, and Pierre Marucchi is Vice-Chairman of the FCB Supervisory Board.

The combining of corporate office with employment contracts by the Chairman and Deputy Managing Directors is warranted by the fact that all three joined the Group as employees and then became corporate officers. Given their seniority in the Group, their employment contracts have been maintained.

All their compensation is paid in respect of their employment contracts. Thus, any retirement benefits will be those defined by their employment contracts and not in respect of their position as corporate officers.

Policy toward employees

Group employees are Cegedim's most valuable asset and main resource

Payroll costs represent one of the Group's most significant expenses. Group employees are Cegedim's most valuable asset and main resource. Cegedim therefore adapts its compensation policy appropriately in order to motivate talent and ensure training and recruitment, while maintaining the increase in salary costs at a reasonable level. For 2019, salary decisions will be made individually for each employee.

Cegedim employee profit-sharing agreement

Cegedim employee profit-sharing agreement.

Employees can decide whether their share of profits is paid into a mutual fund or deposited in a frozen current account in the corporate accounts.

At December 31, 2019, the Corporate Mutual Fund consisted of 82,280 Cegedim shares, representing 0.59% of the capital.

Award of free shares

When performance conditions are met, free shares are awarded to non-executive senior managers of the Group and Cegedim Group employees. The main characteristics of the plans are as follows:

- The free shares awarded confer the right to dividends voted on or after the award date.
- The award of shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France and after a three-year period for beneficiaries whose residence for tax purposes is not in France as of the award date.
- The shares will be fully allotted to the beneficiaries on one condition: no resignation, dismissal or termination.
- Starting from the final award date, beneficiaries whose residence for tax purposes is in France as of the award date must keep shares for a term of one year starting from the final award date.

The main characteristics of the plans are as follows:

Plan of	01/28/2017	06/21/2018	06/28/2019
Date of the General Meeting	11/16/2015	06/19/2018	06/19/2018
Date of the Board meeting	06/21/2017	06/28/2018	01/29/2019
Date of Date of plan opening	06/21/2017	06/28/2018	01/29/2019
Total number of shares that can be awarded	19,540	21,790	22,190
Initial subscription price	€29.02	€34.20	€23.50
Vesting date France	06/21/2019	06/28/2020	01/29/2021
Vesting date Foreign	06/21/2020	06/28/2021	01/29/2022

Position of plan as at December 31, 2019

Plan of	01/28/2017	06/21/2018	06/28/2019
Total number of shares awarded	2,897	17,416	21,990
Total number of shares left to be acquired	0	0	0
Adjusted acquisition price of free share award for France	€28.17	€33.20	€22.81
Adjusted acquisition price of free share award for Foreign	€24.67	€29.07	€19.98

For more information, see Note 8.2 "Treasury shares" in the notes to the consolidated financial statement in Chapter 4 of this Universal Registration Document.

CEO pay ratio

Corporate officers are compensated solely for their role as directors. For the three executive corporate officers, the total compensation amounts to €71 million. As a result, the Group is not obligated to report pay ratios or pay ratio trends.

2.6 Financial authorization and delegation

Capital increase authorizations currently in effect

In accordance with Article L. 225-37-4 of the French Commercial Code, the table below presents the capital increase authorizations in effect.

Decision		Purpose	Duration of authorization	Used
GM date	# Resolution			
06/19/2018	17	Capital increase reserved for employees, periodic obligation (Article. L225-102 of the French Commercial Code).	26 months	None

2.7 Factors that could affect a public tender offer

In the event of a public offering

There are no specific provisions likely to have an impact on:

- The structure of the Company's capital;
- Restrictions in the Company bylaws on exercising voting rights and transferring shares;
- Direct or indirect stakes in the Company's capital, of which it is aware, pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code;
- The rules governing the appointing and replacing of members of the Board of Directors and the amending of the Company's bylaws;
- The powers of the Board of Directors, particularly with respect to issuing or buying back shares.

Furthermore,

- The Company has no knowledge of any agreements pursuant to article L. 233-11 of the French Commercial Code;
- There are no holders of shares with special control rights (except for the double voting rights, the allotment of which is completely independent of the occurrence of a public offering);
- The employee shareholding plan makes no specific provisions for the exercise of rights not exercised by said employees;
- The Company has no knowledge of agreements between shareholders that might result in restrictions on transferring shares and exercising voting rights;
- The Company has signed relatively few agreements that would be amended or terminated in the event of a change of control of the Company, and they are confidential; there are no systematic arrangements to amend or terminate agreements, and, if such a thing were to occur, it would have a relatively immaterial impact on the Company;
- There are no agreements to compensate the members of the Board of Directors or employees if they resign, are dismissed without real and serious cause, or if their employment ends due to a public offering.

Agreements and change of control	**Concerning agreements that could be amended or terminated in the event of a change in control of the Company** Cegedim has no policy of engaging in agreements that could be amended or terminated in the event of a change in control of the Company. However, there are clauses protecting the Group's intellectual property.
Actions required to modify shareholder's rights	There are no stricter conditions than those set forth by law for modifying shareholders' rights.
Rights, privileges and restrictions attached to each class of existing shares	All the shares making up the Company's capital are of the same class. The Extraordinary Shareholders' Meeting held on February 8, 1995, decided that in consideration of the portion of the capital they represent, a double voting right would be allotted to all fully paid shares as long as proof of registration for at least four years in the name of the same shareholder was provided. This double voting right is reserved for shareholders who are French nationals or nationals of a Member State of the European Union. Furthermore, in the event of a capital increase through incorporation of reserves, profit, or issue premium, the double voting right is attached, as of their issuance, to the registered shares allocated free of charge to a shareholder on the basis of the amount of shares already held that entitle him/her to this right. The double voting right ceases for any share that has been converted into a bearer share or transferred, save in the case of a transfer of registered shares due to inheritance or family gift. In accordance with the law, all dividends that have not been collected within five years of their payment date revert to the French State. Treasury shares are not entitled to dividends: the related amount is recognized in "retained earnings".
Provisions of the articles of incorporation and bylaws that could delay, defer, or hinder a change of control in the Company	None
Threshold above which shareholder ownership must be disclosed	**Provisions of the articles of incorporation and bylaws governing the threshold above which shareholder ownership must be disclosed:** The bylaws contain no special provision for declaring ownership threshold crossings. Only the legal provisions are applicable.
Conditions governing changes in the capital	**Conditions imposed by the articles of incorporation and bylaws governing changes in the capital, where these conditions are stricter than the law:** None.

2.8 General Meetings and procedures for shareholder participation

Conditions under which Annual General Meetings and Extraordinary Shareholder's Meetings are called	General Meetings are convened and transact business under the conditions set forth by law. They are held at the registered office or at any other location indicated in the notice of Meeting. All shareholders may attend shareholders' meetings and take part in the deliberations, in person or through a proxy, regardless of the number of shares they own, as long as they provide proof of their status as shareholders at least five days prior to the meeting. However, the Board of Directors may reduce this time frame. All shareholders may vote by post.

02 Governance

Cegedim Group

03

Overview of the financial year

3.1 Business review

Financial year highlights

Apart from the items cited below, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

Acquisition of XimantiX in Germany	**On January 21, 2019, Cegedim acquired German company XimantiX.** Building on its presence in the digitalization markets in Belgium, France, the UK, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope. XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.
Acquisition of BSV in France	**On January 31, 2019, Cegedim acquired BSV Electronic Publishing,** the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR) and Automatic Document Recognition (ADR). BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.
Acquisition of RDV Médicaux in France	**On February 20, 2019, Cegedim acquired French company RDV Médicaux,** an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.
Acquisition of Cosytec in France	**In July 2019 Cegedim acquired French company Cosytec,** which was founded in 1990 and sells HR and equipment planning software that uses constraint programming technology. Cosytec's products and services will expand Cegedim SRH's range. The company's client base is made up of SMEs and large corporations in the media, transportation, and services sectors. Cosytec generated revenues of €1.3 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

Sale of Pulse's business activities

In August 2019, Cegedim sold virtually all the business activities of its wholly owned subsidiary, Pulse Systems Inc. to CareTracker Inc., an affiliate of N. Harris. Under the terms of the sale, Pulse's software solutions and services, RCM services, all customer contracts, a portion of supplier contracts, and much of its personnel were transferred to the buyer.

As part of a group with a solid foundation in North America, Pulse will have all the resources it needs to successfully pursue its development. The deal will allow Cegedim to focus its efforts on Europe and the UK, and to improve its financial position.

The divestment resulted in asset impairment of €16.3 million. Pulse contributed €11.3 million to the Group's consolidated 2018 revenues and €5.6 million to H1 2019 revenues. In H1 2019, Pulse made an insignificant contribution to group EBITDA and an operating loss of €18.2 million. Pulse Systems Inc. will be wound up in the coming months.

Acquisition of NetEDI

In August 2019 Cegedim acquired UK company NetEDI, a major provider of e-procurement (using the PEPPOL EDI system) and e-invoicing for the UK's National Health System. Complementing the BSV and Ximantix acquisitions, the addition of NetEDI strengthens Cegedim e-business' ability to work with its clients internationally.

NetEDI generated revenues of €2.8 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

Tax

On February 21, 2018, Cegedim S.A. received official notice that the French tax authorities planned to perform an audit of its financial statements for the period from January 1, 2015, to December 31, 2016. The Group received the statement of tax adjustment on April 16, 2019. Cegedim replied on June 14, 2019, and based on its reply, the tax authorities rescinded the first proposal and made a second proposal on September 9, 2019. After reviewing Cegedim's response, the authorities notified the Group in a letter dated February 25, 2020, that there would be no changes to the tax adjustment. After consulting its lawyers and based on ample precedent, the Group still believes that the adjustment is unwarranted and has appealed the decision to a higher administrative authority. As a result, Cegedim believes that there is little risk posed to the amount of deferred tax assets recorded on its balance sheet.

Euris litigation

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. IQVIA has appealed that decision. Euris is claiming €150 million in damages. After consulting its external legal counsel, the Group has decided not to set aside any provisions.

Tessi lawsuit

On September 17, 2019, the Paris Court of Appeal overturned the Commercial Court's ruling and reduced Cegedim's penalty for financial damages resulting from the breach of a sale contract from €4.6 million to €2.9 million. Tessi repaid Cegedim the sum of €1.7 million in the fourth quarter of 2019.

Director appointed to Cegedim SA's board

At the annual general meeting on August 30, 2019, shareholders appointed Ms. Catherine Abiven for a six-year term as a director. Her term will expire following the AGM held to approve the financial statements for the year 2024.

3.2 Group Cegedim 2019 business review

Operational performance

€503.7m Revenue **2018: €467.7m** 2017: €457.4m **+7.7% | +7.0%** Growth rate(2) reported | like-for-like(1)	**€37.1m** Recurring operating income(1) **2018: €33.1m** 2017: €37.4m **+12.2%** Growth rate(2)	**€0.2** EPS **2018: €0.4** 2017: €0.8 **(53.0)%** Change(2)

Financial resources

€82.5m Cash flow (3) **2018: €52.9m** 2017: €72.8m	**€62.4m** Capital expenditures excluding acquisitions / disposals **2018: €76.7m** 2017: €59.9m	**€180.6m** Net debt(1) excl. IFRS 16 **2018: €108.0m** 2017: €236.2m

Financial ratios

7.4% Recurring operating(1) margin Recurring operating income(1) on Group consolidated revenue **2018: 7.1%** 2017: 8.2%	**2.1x** Leverage ratio Net debt excluding IFRS 16 on EBITDA(1) excl. IFRS 16 **2018: 1.4x** 2017: 3.0x	**0.9x** Gearing net debt excl. IFRS 16 on equity **2018: 0.5x** 2017: 1.2x

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
(2) compared to the same period a year ago.
(3) after cost of net financial debt and taxes.

First-time application of IFRS 16 – Leases

First-time application of IFRS 16 – Leases

Cegedim has applied IFRS 16 Leases for the first time in its condensed consolidated interim financial statements for the six months ended June 30, 2019. Applying this new standard—which supersedes IAS 17 Leases—had a material impact on Cegedim's consolidated financial statements given the importance of leases to the Group's activities.

The Group elected to use the "modified retrospective" approach for its transition to IFRS 16, under which entities are not authorized to restate prior-period comparative financial information. Consequently, the first-half 2019 income statement is presented differently than the Group's prior-period income statements.

In order to help users of the Group's financial statements understand the impact of its transition to IFRS 16, and to provide meaningful comparisons between the financial data for 2019 and 2018 presented below, the Group has chosen to present two types of data in this activity report, for which reconciliations have been performed:

- IAS 17-adjusted financial data for 2019: the data for first-half 2019 has been adjusted for the impact of IFRS 16 on that period in order to provide meaningful comparisons with the first-half 2018 data, to which IAS 17 has been applied.
- IAS 17-adjusted non-IFRS financial indicators for 2019: key indicators such as recurring operating income, EBITDA and free cash flow from operations have been presented on an adjusted basis as if IAS 17 had been applied instead of IFRS 16.

Impact of IFRS 16 in H1 2019

IAS 17 adjusted financial data for 2019

Balance sheet

In € million	**12/31/2019** IFRS 16 reported	**12/31/2019** IAS 17 restated	**12/31/2018** IAS 17 reported	**Change** IAS 17 %
Assets				
Right-of-use asset	64.5	0.0	0.0	n.m.
Other non-current assets	452.3	451.9	424.0	+6.6%
Non-current assets	**516.8**	**451.9**	**424.0**	**+6.6%**
Current assets	**291.8**	**291.8**	**224.1**	**+30.2%**
Total assets	**808.6**	**743.7**	**648.1**	**+14.8%**
Liabilities				
Long-term financial debt	52.4	0.0	0.0	n.m.
Other non-current liabilities	238.4	238.4	219.8	+8.5%
Total non-current liabilities	**290.8**	**238.4**	**219.8**	**+8.5%**
Short-term financial debt	13.5	0.0	0.0	n.m.
Other current liabilities	303.0	303.0	229.3	+32.1%
Total current liabilities	**316.5**	**303.1**	**229.3**	**+32.2%**
Total liabilities	**607.4**	**541.5**	**449.2**	**+20.6%**
Shareholders' equity	201.2	202.2	199.0	+1.6%
Total liabilities and shareholders' equity	**808.6**	**743.7**	**648.1**	**+14.8%**

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Impact of IFRS 16 in H1 2019

Consolidated Income statements

In € million	12/31/2019 IFRS 16 reported	13/31/2019 IAS 17 restated	12/31/2018 IAS 17 reported	Change IAS 17 %
Revenue	**503.7**	**503.7**	**467.7**	**+7.7%**
Purchases used	(28.4)	(28.4)	(29.3)	(3.1)%
External expenses	(115.3)	(131.2)	(122.6)	+7.0%
Payroll costs	(249.7)	(249.7)	(229.9)	+8.6%
Other operating income and charges	(9.0)	(9.0)	(9.2)	(1.3)%
Depreciation and amortization excluding right-of-uses assets	(48.4)	(48.4)	(43.7)	+10.7%
Depreciation and amortization of right-of-uses assets	(15.8)	0.0	0.0	0.0%
Other non-recurring operating income and expenses (1)	(21.0)	(21.0)	(18.6)	12.7%
Operating income	**16.1**	**16.0**	**14.4**	**+10.8%**
as % of revenue	*3.2%*	*3.2%*	*3.1%*	*+11bps*
Cost of net financial debts	(8.6)	(7.1)	(6.0)	+19.8%
Total taxes	(4.8)	(5.2)	(3.9)	+32.1%
Consolidated profit (loss)	**2.7**	**3.6**	**5.8**	**(37.0)%**

IAS 17-adjusted non-IFRS financial indicators for 2019

In € million	12/31/2019 IFRS 16	12/31/2019 IAS 17	12/31/2018 reported	Change
Recurring operating income (1)	37.1	37.0	33.1	+11.9%
as % of revenue	7.4%	7.3%	7.1%	+27 bps
EBITDA(1)	101.2	85.4	76.8	+11.2%
as % of revenue	20.1%	16.9%	16.4%	+53 bps

The impact of applying IFRS 16 to operating income, recurring operating income, and net profit is not significant.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Consolidated P&L

In € million	12/31/2019	12/31/2018	Change %	Change €m
Revenue	**503.7**	**467.7**	**+7.7%**	**+36.1**
Purchases used	(28.4)	(29.3)	(3.1)%	(0.9)
External expenses	*(115.3)*	*(122.6)*	*(5.9)%*	*(7.2)*
Payroll costs	(249.7)	(229.9)	+8.6%	+19.9
EBITDA(1)	**101.2**	**76.8**	**+31.9%**	**+24.5**
EBITDA margin(1)	*20.1%*	*16.4%*	*+368bps*	-
Amortization and depreciation	(64.2)	(43.7)	+46.7%	+20.4
Recurring operating income(1)	**37.1**	**33.1**	**+12.2%**	**+4.0**
Recurring operating margin(1)	*7.4%*	*7.1%*	*+30bps*	-
Other non-recurring operating income and expenses(1)	*(21.0)*	*(18.6)*	*+12.7%*	*+2.4*
Operating income	***16.1***	***14.4***	***+11.6%***	***+1.7***
Operating margin	*3.2%*	*3.1%*	*+11bps*	-
Cost of net financial debt	*(8.6)*	*(6.0)*	*+43.7%*	*+2.6*
Total taxes	*(4.8)*	*(3.9)*	*+22.8%*	*+0.9*
Profit (loss)	*2.7*	*5.8*	*(53.8)%*	*(3.1)*
Net profit attributable to owners of the parent	***2.7***	***5.8***	***(53.3)%***	***(3.1)***

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Key financial indicators

- Consolidated revenue and revenue by division;
- Consolidated operating income before special items and by division;
- Investments;
- Financial structure.

Detailed comments on these are provided hereafter.

Key non-financial performance indicators

The key non-financial performance indicators that apply to Cegedim SA also apply to the consolidated Group.

Comments on the consolidated P&L

Revenue

€503.7m

+7.7% reported

+7.0% L-f-l (1)

Revenue increased by €36.1 million or 7.7 %, to €503.7 million in 2019 compared to €467.7 million for 2018.

The favorable currency translation effect of €0.7 million, or 0.1%, was mainly attributable to a gain of €0.4 million against the US dollar, which represents 1.5% of Group revenue, and of €0.4 million against the British pound, which represents 9.8%.

The €2.6 million boost from scope effects, or 0.6%, was chiefly due to the acquisition of ***Ximantix*** in Germany on January 21, 2019, ***BSV*** in France on January 31, 2019, ***Cosytec*** in France in July 2019, and ***NetEDI*** in the United Kingdom in August 2019. It was partly offset by the sale of nearly all of the business activities of ***Pulse Systems Inc*** in the USA in August 2019. ***Pulse Systems Inc*** contributed €11.3 million to the Group's consolidated 2018 revenue and €7.4 million to 2019 revenue.

In like-for-like(1) terms, the ***Health Insurance, HR and e-services*** division gained 8.6% and the ***Healthcare professionals*** division, 4.2%. (*See "Analysis of the financial position by division"*).

Breakdown of revenue by division, geographic region and currency

By division, changes in the contributions were as follows:

- The Health Insurance, HR and e-business division increased by 1.8 points to 67.6%;
- The Healthcare professionals division decreased by 1.7 points to 31.7%;
- The Corporate and Others division remained relatively stable at 0.7%.

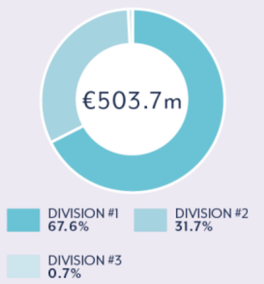
Division 1: Health Insurance, HR and e-business;
Division 2: Healthcare professionals;
Division 3: corporate and others.

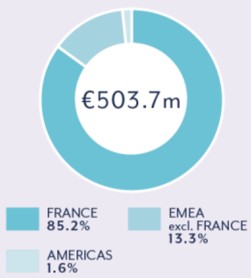
By geographic region, the relative contribution of:

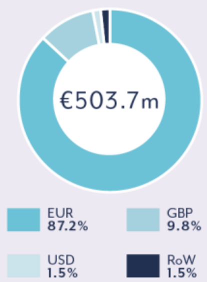
- France climbed 0.3 points to 82.2%;
- EMEA (excluding France) climbed 0.7 points to 13.3%;
- The Americas fell 0.9 points to 1.6%.

By currency, the breakdown of revenue changed only marginally compared with the previous year:

- The euro climbed by 0.9 points to 87.2%;
- The British pound fell 0.1 point to 9.8%;
- The US dollar fell 0.9 points to 1.5%;
- The other currencies remained relatively stable at 1.5%.







(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Purchases used

€28.4m

as % of revenues

5.6% in 2019

6.3% in 2018

Purchases used decreased by €0.9 million, or 0.7 %, to €28.4 million in 2019 compared to €29.3 million in 2018. Purchases used represented 5.6% of revenue in 2019, compared with 6.3% in 2018. This decline is mostly due to a drop in purchases used in the United Kingdom because of a different business mix.

External expenses

€115.3m

as % of revenues

22.9% in 2019

26.2% in 2018

External expenses decreased by €7.2 million, or 5.9%, to €115.3 million in 2019, compared with €122,6 million in 2018. External expenses represented 22.9% of revenue in 2019, compared with 26.2% in 2018.

External expenses, restated to reflect the positive €15,8 million impact of the first-time application of IFRS 16, grew by €8.6 million, or 7.0%. This increase is mostly due to greater use of temporary workers to implement BPO contracts in health insurance among other things, the integration of companies acquired in 2019, an increase in the UK owing to a different business mix, and the ramp-up of the Docavenue business. External expenses represented 26.0 % of revenue in 2019, compared to 26.2% for 2018.

Payroll costs

€249.7m

as % of revenues

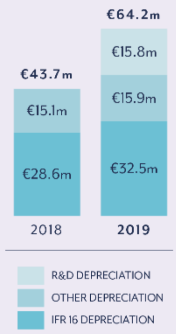
49.6% in 2019

49.1% in 2018

Payroll costs increased by €19.9 million, or 8.6%, to €249.7 million in 2019, compared to €229.9 million in 2018. Payroll costs represented 49.6% of revenue in 2019, compared to 49.2% in 2018. This increase is chiefly due to new hires to support the development of the Docavenue business and BPO offerings and was partly offset by the sale of nearly all Pulse Systems Inc.'s business activities.

Depreciation and amortization expenses

€64.2m



Depreciation and amortization expenses increased by €20.4 million, or 46.7 %, to €64.2 million in 2019, compared to €43.7 million in 2018.
Restated for the negative €15.8 million impact of the initial application of IFRS 16, the increase amounted to €4.7 million, or 10.7%. The increase was also attributable to the €3.8 million rise in the amortization of capitalized R&D expenses over the period, which amounted to €32.6 million in 2019 compared with €28.6 million in 2018.

Operating income

€16.1m

as % of revenues

3.2% in 2019

3.1% in 2018

Operating income increased by €1.7 million, or 11.6%, to €16.1 million in 2019, compared with €14.4 million in 2018. The 2019 figure represented 7.4% of revenue, compared with 7.1% in 2018.

Applying IFRS 16 to recurring operating income had no material impact.

The increase reflected trends in revenue, purchases used, external expenses, payroll costs and depreciation and amortization expenses (for more details, see above).

Other non-recurring operating income and expenses[1]

€21.0m

Other non-recurring operating income and expenses[1] amounted to a charge of €21.0 million in 2019 compared with a charge of €18.6 million in 2018. This level of *Other non-recurring operating income and expenses*[1] is mainly attributable to the sale of nearly all of the business activities of Pulse Systems Inc., which resulted in a €2.5 million impairment of acquisition goodwill and a €16.1 million impairment of capitalized R&D. Furthermore, the Group's reorganization following its business model transformation, generated an exceptional charge of €4.1 million in 2019, compared with €5.7 million in 2018.

Breakdown of Other non-recurring operating income and expenses[1] by type

In € million	12/31/2019	12/31/2018
Amortization charge for intangible mature assets	(0.3)	(6.9)
Restructuring costs	(4.1)	(5.7)
Sale of activity	(16.0)	(4.1)
Other non-recurring income and expenses	(0.6)	(2.0)
Other non-recurring operating income and expenses [1]	**(21.0)**	**(18.6)**

Breakdown of Other non-recurring operating income and expenses[1] by division

In € million	12/31/2019	12/31/2018
Health insurance, HR and e-services	(1.7)	(1.5)
Healthcare professionals	(19.9)	(11.6)
Corporate and others	+0.6	(5.5)
Other non-recurring operating income and expenses [1]	**(21.0)**	**(18.6)**

Recurring operating income[1]

€37.1m

as % of revenues

7.4% in 2019

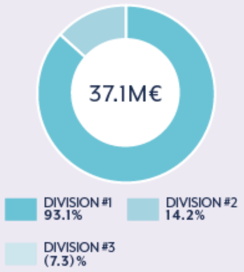
7.1% in 2018

Recurring operating income[1] increased by €4.0 million, or 12.2% to €37.1 million in 2019, compared to €33.1 million in 2018. The 2019 figure represented 7.4% of revenue, compared with 7.1% in 2018.

Applying IFRS 16 to recurring operating income had no material impact.

This increase in recurring operating income[1] was due to the €1.7 million increase in operating income[1] and €2.4 million in Other non-recurring operating income and expenses[1].

Breakdown of Recurring operating income[1] by division



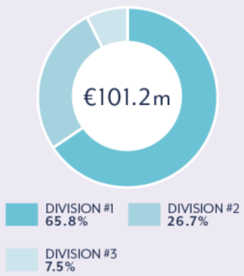
The *Health insurance, HR and e-services* division generated 93.1% of consolidated EBIT before special items, against 14.2% for the *Healthcare professionals* division. The *Corporate and others* division contributed an operating loss equivalent to 7.3%.

Division 1 : Health insurance, HR and e-services;
Division 2: Healthcare professionals;
Division 3: Corporate and others.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

EBITDA[1] **€101.2m**	as % of revenues[1] **20.1%** in 2019 **16.4%** in 2018	**EBITDA[1]** increased by €24.5 million, or 31.9%, to €101.2 million in 2019, compared with €76.8 million in 2018. EBITDA represented 20.1% of consolidated revenue in 2019, compared with 16.4% in 2018. This growth in EBITDA[1] was due to the €4.0 million increase in recurring operating income[1] and a €20.4 million rise in amortization and depreciation expenses. Restated for the positive €15.9 million impact of the initial application of IFRS 16, the increase amounted to €8.6 million, or 11.2%. EBITDA represented 16.9% of consolidated revenue in 2019, compared with 16.4% in 2018.

Breakdown of EBITDA[1] by division



The *Health insurance, HR and e-services* and the division contributed 65.8% of consolidated EBITDA, compared with 26.7% for the *Healthcare professionals* division, whereas the *Corporate and others* division contributed 7.5%. (*See "Analysis of the financial position by division".)*

Division 1: Health insurance, HR and e-services;
Division 2: Healthcare professionals;
Division 3: Corporate and others.

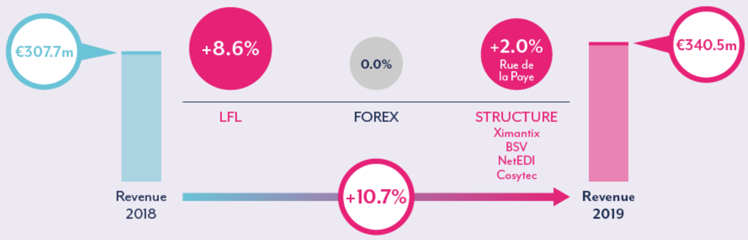
Cost of net financial debt **€8.6m**	**Cost of net financial debt** grew by €2.6 million, or 43.7%, to €8.6 million in 2019, compared with €6.0 million in 2018. The 2019 figures represented 1.7% of revenue compared to 1.3% in 2018. The increase reflects the impact of refinancing transactions carried out in H2 2018, which raised the applicable interest rate in exchange for an extension of the maturity date, and the €1.4 million impact of the initial application of IFRS 16.
Tax expenses **€4.8m**	**Tax expenses** increased by €0.9 million, or 22.8%, to €4.8 million in 2019 compared with €3.9 million in 2018. This change was principally the result of an increase in taxes at the Group level, a positive adjustment in deferred tax assets, and the €0.4 million impact of the initial application of IFRS 16.
Consolidated net profit **€2.7m**	**Consolidated net profit** came to €2.7 million in 2019, compared to €5.8 million in 2018. This €3.1 million decrease in consolidated net profit reflected trends in revenue, operating income, other non-recurring operating income and expenses[1], cost of net financial debt and tax expense (for more details, see above) and the €1.3 million contribution in 2018 from discontinued activities.
Consolidated net profit attributable to the Group **€2.7m**	After taking into account minority interests, the **consolidated net profit attributable to the Group** amounted to €2.7 million in 2019, compared with €5.7 million in 2018. **Recurring net profit per share[1]** came to €0.2 in 2019 compared to €0.4 in 2018. **Earnings per share** came to €0.6 in 2019 compared with a profit of €0.7 a year earlier.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Health insurance, HR and e-services division

€340.5m Revenue	€34.5m Recurring operating income[1]	10.1% Recurring operating margin[1]
2018: €307.7m 2017: €291.1m	**2018: €32.5m** 2017: €28.4m	**2018: 10.6%** 2017: 9.7%
+10.7% | +8.6% Growth rate[2] reported | like-for-like[1]	**+6.3%** Growth rate [2]	**(42) bp** Change [2]

Revenue change



67.6% of Group revenue	3,029 Employees	61.2% of Group workforce
2018: 65.8% 2017: 63.6%	**2018: 2,638** 2017: 2,302	**2018: 57.8%** 2017: 54.5%

In € million	12/31/2019	12/31/2018	Change %	Change €m
Revenue	340.5	307.7	+10.7%	+32.8
EBITDA[1]	66.6	54.4	+22.4%	+12.2
EBITDA margin[1]	*19.6%*	*17.7%*	*+188bp*	-
Depreciation	(32.1)	(21.9)	+46.4%	+10.2
Recurring operating income[1]	34.5	32.5	+6.3%	+2.0
Recurring operating margin[1]	*10.1%*	*10.6%*	*(42)bp*	-
Other non-recurring operating income and expenses[1]	(1.7)	(1.5)	+12.2%	+0.2
Operating income	32.9	31.0	+6.0%	+1.9
Operating margin	*9.6%*	*10.1%*	*(43)bp*	-

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
(2) Compared with the same period a year ago.

Revenue

€340.5m

+10.7% reported

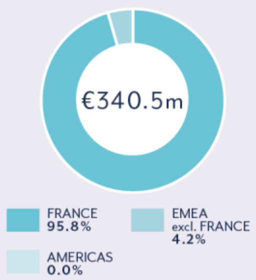
+8.6% L-f-l[1]

Revenue from **Health insurance, HR and e-services** increased by €32.8 million, or 10,7 %, to €340.5 million in 2019, compared to €307.7 million in 2018.

Acquisitions accounted for 2.0 percentage points or €6.2 million. The main contributions came from ***Ximantix***, **BSV**, ***NetEDI*** and ***Cosytec***. Currencies had virtually no impact. Like-for-like[1] revenues rose 8.6% over the period.

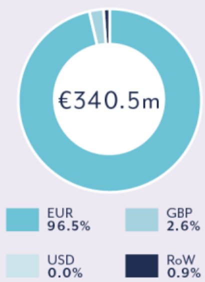
The businesses that made the biggest contributions to this growth in 2019 were—in the ***health insurance sector***—BPO and third-party payment flow processing activities, ***Cegedim e-business*** (document and process digitization), ***Cegedim SRH*** (HR management solutions), ***Cegedim Health Data*** (data and analytics for the healthcare market), and ***Cegedim-Media*** (digital and conventional communications solutions in pharmacies).

Breakdown by geographic region and currency



By geographic region, the contribution of:

- France fell by 0.9 point to 95.8%;
- EMEA (excluding France) climbed by 0.9 points to 4.2%.



By currency, the breakdown has changed only marginally since the previous year:

- The euro's contribution fell by 0.2 points to 96.5%;
- The British pound climbed by 0.3 points to 2.6%;
- The other currencies were relatively stable at 0.9 %.

Recurring operating income[1]

€34.5m

as % of revenues

10.1% in 2019

10.6% in 2018

Recurring operating income[1] increased by €2.0 million, or 6.3%, to €34.5 million in 2019, compared with €32.5 million in 2018. It represented 10.1% of consolidated revenue in 2019, compared with 10.6% in 2018.

Applying IFRS 16 to recurring operating income had no material impact.

This increase was attributable to:

- The insurance division, driven by international activities, BPO, and third-party payment processing;
- Cegedim-Media (conventional and digital communication solutions for pharmacies);
- Cegedim Health Data (healthcare data and analysis).

It was partly offset by the performances of Cegedim e-business (document and process digitization) and Cegedim SRH (HR management solutions), which kicked off several new projects.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

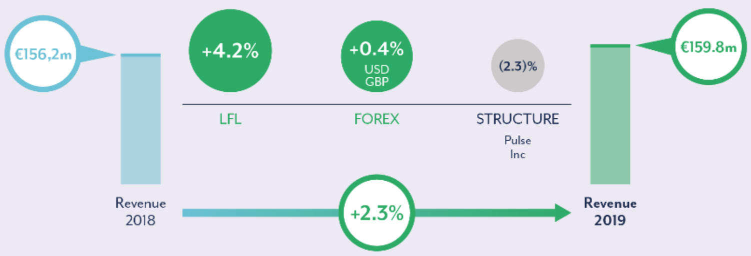
Depreciation and amortization expenses **€32.1m**	**+46.6%**	**Depreciation and amortization expenses** increased by €10.2 million, or 46.4% to €32.1 million in 2019, compared with €21.9 million in 2018. Restated for the negative €6.8 million impact of the initial application of IFRS 16, the increase amounted to €3.4 million, or 15.4%. The increase was mainly attributable to the €2.7 million increase in the amortization of capitalized R&D expenses over the period, which amounted to €18.8 million in 2019 compared with €16.1 million in 2018.
EBITDA(1) **€66.6m**	as % of revenues (1) **19.6%** in 2019 **17.7%** in 2018	**EBITDA(1)** grew by €12.2 million, or 22.4%, to €66.6 million over 2019, compared with €54.4 million in 2018. The 2019 figure represented 19.6% of revenue, compared with 17.7% in 2018. Restated for the positive €6.9 million impact of the initial application of IFRS 16, EBITDA grew by €5.3 million, or 9.8%. This growth in EBITDA(1) reflects the €2.0 million increase in recurring operating income(1) and the €10.2 million rise in amortization and depreciation expenses.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Healthcare professionals division

€159.8m Revenue	€5.3m Recurring operating income[1]	3.3% Recurring operating margin[1]
2018: €156.2m 2017: €162.5m	**2018: €2.5m** 2017: €10.4m	**2018: 1.6%** 2017: 6.4%
+2.3% | +4.2% Growth rate[2] reported | like-for-like[1]	**+107.9%** Growth rate[2]	**+167 bp** Change[2]

Revenue change



31.7% of Group revenue	1,577 Employees	31.9% of Group workforce
2018: 33.4% 2017: 35.5%	**2018: 1,641** 2017: 1,666	**2018: 36.0%** 2017: 39.4%

In € million	12/31/2019	12/31/2018	Change %	Change €m
Revenue	159.8	156.2	+2.3%	+3.6
EBITDA[1]	27.0	18.9	+43.5%	+8.2
EBITDA margin[1]	*16.9*	*12.1%*	*+485bps*	-
Depreciation	(21.8)	(16.3)	+33.5%	+5.5
Recurring operating income[1]	5.3	2.5	+107.9%	+2.7
Recurring operating margin[1]	*3.3%*	*1.6%*	*+167*	-
Other non-recurring operating income and expenses[1]	(19.9)	(11.6)	+71.2%	+8.3
Operating income	(14.6)	(9.1)	(61.0)%	(5.5)
Operating margin	*(9.2)%*	*(5.8)%*	*(334)bps*	-

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
(2) Compared with the same period last year.

Revenue

€159.8m

+2.3% reported

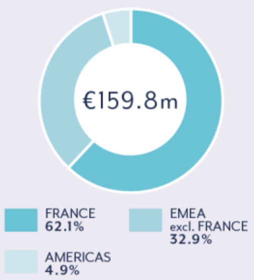
+4.2% Like-for-like [(1)]

Revenue for the **Healthcare professionals** division increased by €3.6 million, or 2.3%, to €159.8 million in 2019, compared with €156.2 million in 2018. Currency effects made a positive contribution of 0.4%. Over the full year 2019, the 2.3% negative impact of acquisitions and disposals, or €3.6 million, was mainly due to the sale of virtually all the business activities of **Pulse Systems Inc** in the United States in August 2019. Like-for-like[(1)] revenue increase by 4.2% over the period.

The businesses that made the biggest positive contributions over the year were computerization solutions for doctors and allied health professionals in France, for pharmacists in the United Kingdom and Romania, for appointment scheduling and remote consultations (***Docavenue***), and for doctors in Romania and the UK.

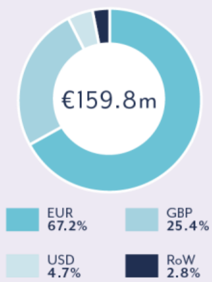
The decrease in Q4-19 revenues was the result of a unfavorable comparison caused by one-off sales to the NHS recorded in the fourth quarter of 2018 and the second quarter of 2019.

Breakdown by geographic region and currency



By geographic region, the contribution of:

- France climbed by 0.8 points to 62.1%;
- EMEA (excluding France) climbed by 1.7 points to 32.9%;
- The Americas fell by 2.5 points to 4.9%.



By currency, the breakdown changed only marginally since the previous year:

- The euro climbed by 1.6 points to 67.2%;
- Other currencies climbed by 0.8 points to 2.8%;
- US dollar fell by 2.6 points to 4.7 %;
- The British pound remained relatively stable at 25.4%

Recurring operating income[(1)]

€5.3m

as % of revenues (1)

3.3% in 2019

1.6% in 2018

Recurring operating income[(1)] increased by €2.7 million, or 6.3%, to €5.3 million in 2019, compared with €2.5 million in 2018. It represented 3.3% of consolidated revenue in 2019, compared with 1.6% in 2018.

Applying IFRS 16 to recurring operating income had no material impact.

This increase in Recurring operating income (1) is chiefly the result of the computerization of allied health professionals and doctors in France, the computerization of doctors in Spain, and the positive impact of the sale of nearly all of the business activities of ***Pulse Systems Inc.*** in August 2019. This performance is partly offset by the launch of the new ***Docavenue*** business (appointment scheduling and remote consultation).

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

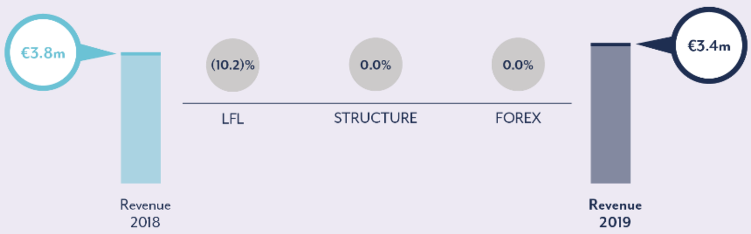
Depreciation and amortization expenses **€21.8m**	**+33.5%**	**Depreciation and amortization expenses** increased by €6.5 million, or 33.5% to €21.8 million in 2019, compared with €16.3 million in 2018. Restated for the negative €4.4 million impact of the initial application of IFRS 16, the increase amounted to €1.1 million, or 6.5%. The increase was mainly attributable to the €0.9 million increase in the amortization of capitalized R&D expenses over the period, which amounted to €13.1 million in 2019 compared with €12.2 million in 2018.
EBITDA(1) **€27.0m**	as % of revenues(1) **16.9%** in 2019 **14.2%** in 2018	**EBITDA(1)** increased by €8.2 million, or 43.5%, to €27.0 million over 2019, compared with €18.9 million in 2018. The 2019 figure represented 16.9% of revenue, compared with 12.1% in 2018. Restated for the positive €4.4 million impact of the initial application of IFRS 16, EBITDA increased by €3.8 million, or 20.1%. This growth in EBITDA(1) was due to the €2.7 million increase in recurring operating income(1) and the €5.5 million rise in amortization and depreciation expenses.
Other non-recurring operating income and expenses(1) **€19.9m**	Growth rate **+71.2%**	**Other non-recurring operating income and expenses(1)** increased by €6.3 million to €19.9 million in 2019 compared with a charge of €11.6 million in 2018. This level of Other non-recurring operating income and expenses(1) is mainly attributable to the sale of nearly all of the business activities of Pulse Systems Inc., which resulted in a €2.5 million impairment of acquisition goodwill and a €16.1 million impairment of capitalized R&D.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Corporate and others division

€3.4m Revenue	€(2.7)m Recurring operating income[1]	(79.0)% Recurring operating margin[1]
2018: €3.8m 2017: €3.9m	**2018: €(2.0)m** 2017: €(1.3)m	**2018: (51.8)%** 2017: 34.4%
(10.2)% | (10.2)% Growth rate[2] reported | like-for-like[1]	**(36.9)%** Growth rate[2]	**(2,719)bp** Chnage[2]

Revenue change



0.7% % of Group revenue	340 Workforce	6.9% As % of Group workforce
2018: 0.8% 2017: 0.8%	**2018: 283** 2017: 258	**2018: 6.2%** 2017: 6.1%

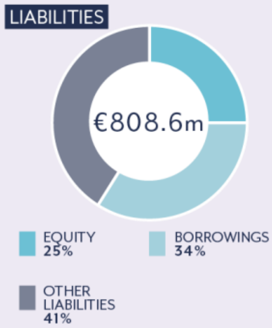
In € million	12/31/2019	12/31/2018	Change %	Change €m
Revenue	3.4	3.8	(10.2)%	(0.4)
EBITDA[1]	7.6	3.5	+116.4%	+4.1
EBITDA margin[1]	*220.5%*	*91.5%*	*n.m.*	-
Depreciation	(10.3)	(5.5)	(87.6)%	(4.8)
Recurring operating income[1]	(2.7)	(2.0)	(36.9)%	(0.7)
Recurring operating margin[1]	*(79.0)%*	*(51.8)%*	*n.p.*	-
Other non-recurring operating income and expenses[1]	0.6	(5.5)	n.m.	+6.1
Operating income	(2.1)	(7.5)	+71.8%	+5.4
Operating margin	*n.m.*	*n.m.*	*n.m.*	-

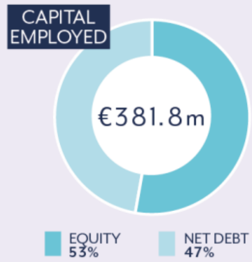
(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.
(2) Compared with the same period last year.

Revenue **€3.4m**	**(10.2)%** reported **(10.2)%** like for like[1]	Revenue for the **Corporate and others division** decreased by €0.4 million, or 10.2%, to €3.4 million in 2019, compared with €3.8 million for 2018. There were no divestments or acquisitions and there was no impact from foreign currency translation.
Recurring operating income[1] **€(2.7)m**	as % of revenues[1] **n.m.** in 2019 **n.m.** in 2018	**Recurring operating income[1]** fell by €0.7 million, or 36.9%, to €2.7 million in 2019, compared with €2.0 million in 2018. Applying IFRS 16 to recurring operating income had no material impact.
Depreciation and amortization expenses **€10.3m**	**+87.6%**	**Depreciation and amortization expenses** increased by €4.8 million, or 87.6% to €10.3 million in 2019, compared with €5.5 million in 2018. Restated for the negative €4.6 million impact of the initial application of IFRS 16, the increase amounted to €0.2 million, or 4.5%.
EBITDA[1] **€7.6m**	as % of revenues[1] **n.m.** in 2019 **n.m.** in 2018	**EBITDA[1]** increased by €4.1 million, to €7.6 million over 2019, compared with €3.5 million in 2018. Restated for the positive €4.4 million impact of the initial application of IFRS 16, EBITDA decreased by €0.4 million, or 11.0%.
Other non-recurring operating income and expenses [1] **€0.6m**	Growth rate **n.m.**	**Other non-recurring operating income and expenses**[1] changed by €6.1 million to an income of €0.6 million in 2019 compared with a charge of €5.5 million in 2018. This change in Other non-recurring operating income and expenses[1] is mainly attributable to the €4.1 million in fees related to the sale of Cegelease and Eurofarmat recorded in 2018.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Financial structure as of December 31, 2019





In € million	Note	31/12/2019	31/12/2018	Change%
Assets				
Goodwill		192.7	173.0	+11.4%
Intangible fixed assets		157.5	156.7	+0.5%
Tangible assets	a	99.2	33.4	+196.8%
Financial assets excluding equity shares in equity method companies	b	19.8	21.0	(5.6)%
Other non-current assets	c	44.3	39.9	+11.1%
Total non-current assets		**516.8**	**424.0**	**+21.9%**
Trade receivables – short-term portion		144.0	97.3	+48.0%
Cash & cash equivalents		29.1	81.1	(64.2)%
Other current assets		118.7	45.8	+159.4%
Total current assets		**291.8**	**224.1**	**+30.2%**
Total assets		**808.6**	**648.1**	**+24.8%**
Liabilities				
Long-term financial debt	d	195.7	185.8	+5.3%
Other non-current liabilities		95.2	34.0	+180.1%
Total non-current liabilities		**290.8**	**219.8**	**+32.3%**
Short-term financial debt	d	14.0	3.2	+334.7%
Other current liabilities	e	302.6	226.1	+33.8%
Total current liabilities		**316.5**	**229.3**	**+38.0%**
Total liabilities excluding shareholders' equity		**607.4**	**449.2**	**+35.2%**
Shareholders' equity	**f**	**201.2**	**199.0**	**+1.2%**
Total liabilities and shareholders' equity		**808.6**	**648.1**	**+24.8%**

a) Including €64.5 million of right-of-use assets at December 31, 2019, stemming from the initial application of IFRS 16 (i.e. an amount of zero at December 31, 2018).
b) Excluding equity shares in equity method companies.
c) Including deferred tax assets of €31.8 million at December 31, 2019, and €28.2 million at December 31, 2018.
d) Long-term and short-term liabilities include liabilities under our employee profit-sharing plans in the total amount of €6.8 million at December 31, 2019, and €6.7 million at December 31, 2018. This also includes IFRS 16 liabilities of €52.4 million (non-current) and €14.0 million (current) at December 31, 2019.
e) Including "tax and social liabilities" of €91.6 million at December 31, 2019, and €89.1 million at December 31, 2018. This includes VAT, French and US profit-sharing schemes, provisions for leave days, social security contributions in France, French health insurance coverage, and wage bonuses.
f) Including minority interests of €0.2 million at December 31, 2019, and €0.2 million at December 31, 2018.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Comments on the Group's financial position

Consolidated total balance sheet

€808.6m

The consolidated total balance sheet amounted to €808.6 million at December 31, 2019, a €160.5 million or 24.8% increase over December 31, 2018. This increase included €65.9 million related to the application of IFRS 16 as of January 1, 2019, with right-of-use assets relating to leases with fixed lease payments recognized as assets in the balance sheet offset against lease liabilities, which were recognized as liabilities in the balance sheet. The increase also reflects the €43.4 million negative change in trade receivables for the health insurance BPO business.

Goodwill

€192.7m

Goodwill amounted to €192.7 million at December 31, 2019, compared with €173.0 million at December 31, 2018. This €19.7 million increase, or 11.4%, is mainly attributable to the €23.8 million impact of acquiring ***BSV***, ***RDV médicaux***, and **Cosytec** in France; ***Ximantix*** in Germany; and ***NetEDI*** in the UK. This growth was partly offset by a €2.7 million depreciation charge related to selling nearly all of the business activities of Pulse Systems Inc. Acquisition goodwill represented nearly 23.8% of the total balance sheet at December 31, 2019, compared with 26.7% at December 31, 2018.

Intangible assets

€157.5m

Intangible fixed assets rose €0.8 million, or 0.5%, to €157.5 million at December 31, 2019, compared with €156.7 million at December 31, 2018. This principally reflects the €44.3 million impact of selling nearly all of the business activities of Pulse Systems Inc., which was more than offset by the capitalization of development costs net of depreciation and amortization charges. Intangible fixed assets' share of the total balance sheet was 19.5% at December 31, 2019, compared with 24.2% at December 31, 2018.

Tangible assets

€99.2m

Tangible assets increased by €65.7 million, or 196.8% to €99.2 million at December 31, 2019, compared with €33.4 million at December 31, 2018. The right-of-use assets amounted to €64.5 million as of December 31, 2019, following the initial application of IFRS 16 on January 1, 2019. Tangible assets represented 12.3% of total assets at December 31, 2019, compared with 5.2% at December 31, 2018.

Trade receivables

€144.0m

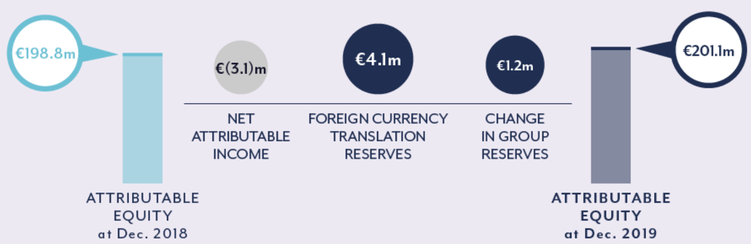
Trade receivables rose €46.6 million, or 47.9%, to €144.0 million at end-December 2019 compared with €97.4 million at end-December 2018. Virtually all trade receivables have maturities of less than one year. This increase is mainly attributable to the cancellation in 2019 of the non-recourse factoring agreement.
These items represented 17.8% of the total balance sheet at December 31, 2019, compared with 15.0% at December 31, 2018.

Shareholders' equity

€201.2m

Equity increased by €2.3 million, or 1.2%, to €201.2 million at December 31, 2019, compared with €199.0 million at December 31, 2018. The change mainly reflects the €4.1 million decrease in translation reserves and a €1.2 million increase in Group reserves, offset by the €3.1 million decrease in Group earnings. Equity represented 24.9% of total assets at December 31, 2019, compared with 30.7% at December 31, 2018.

Change in shareholders' equity



Comments on net financial debt

In € million	Note	31/12/2019	31/12/2018	Change%
Long-term financial debt		195.7	185.8	+5.3%
Short-term financial debt		14.0	3.2	+334.7%
Gross debt		**209.7**	**189.1**	**+10.9%**
Cash and cash equivalents		29.1	81.1	(64.2)%
Net financial debt excluding IFRS 16 debt (1)		**180.6**	**108.0**	**+67.3%**
IFRS 16 debt		65.9	0.0	n.m.
Net financial debt(1)	**f**	**246.5**	**108.0**	**+128.3%**
Equity	g	201.2	199.0	+1.2%
Gearing	**h=f/g**	**1.2**	**0.5**	**-**
EBITDA(1) LTM	i	101.2	76.8	+31.9%
Leverage ratio	**f/i**	**2.4**	**1.4**	**-**

(h) Net financial debt to total equity ratio.

Cegedim's principal financing arrangements, description

Euro PP of €135.0 million at a 3.50% fix rate maturing on October 8, 2025.

Revolving credit of €65.0 million, maturing on October 9, 2024. The one-year loan extension option was activated on December 2019. As of December 2019, the Group has drawn €20 million.

FCB loan of €45.1 million maturing on November 20, 2025. The FCB loan bears interest at a rate of 200 basis points above the rate applicable under the revolving credit facility agreement. The interest is payable semi-annually on June 30 and December 31 of each year.

Overdraft facility of €24.0 million, of which €0.0 million is drawn.

The Group also used a non-recourse factoring agreement, of which € 24.1 million was drawn as of June 30, 2019, and €39.0 million as of December 31, 2018. As of December 31, 2019, the non-recourse factoring agreement had been cancelled.

Cegedim's principal financing arrangements by maturity

In € million	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Euro PP	135.0	-	-	135.0
Revolving credit facility	65.0	-		65.0
FCB loan	45.1	-	-	45.1
Overdraft facility	24.0	24.0	-	-
Total	**269.1**	**24.0**	**0.0**	**245.1**

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

Total financial liabilities **€209.7m**	**Total financial liabilities** increased by €20.6 million, or 10.9%, to €239.0 million at December 31, 2019, compared to €189.1 million at December 31, 2018. The increase was due to Cegedim drawing on the revolving credit facility to finance WCR, particularly in the wake of an adverse development in receivables in the health insurance BPO business and the termination of the non-recourse factoring agreement. **Long-term financial liabilities** increased by €9.8 million, or 5.3%, to €195.7 million at December 31, 2019, compared with €185.8 million at December 31, 2018. Long-term liabilities include liabilities under Cegedim's employee profit-sharing plans in the total amount of €5.3 million at December 31, 2019, compared with €5.3 million at December 31, 2018. **Short-term debts** increased by €10.7 million, i.e. 334.7%, to €14.0 million at December 31, 2019, compared with €3.2 million at December 31, 2018. Short-term liabilities include €1.5 million for an employee profit-sharing plan at December 31, 2019, compared with €1.4 million at December 31, 2018.
Cash and equivalents **€29.1m**	**Cash and equivalents** decreased by €52.0 million compared with December 31, 2018, to €29.1 million at December 31, 2019. The decrease was chiefly attributable to the following items: – €32.2 million related to client advances in the health insurance BPO business, part of which was classified as "other current receivables" to reflect the specific terms of a large contract; – €39.0 million related to the cancellation in 2019 of the non-recourse factoring agreement. Cash and cash equivalents represented 3.6% of total assets at December 31, 2019, compared with 12.5% at December 31, 2018.
Net financial debt(1) **€180.6m**	**Total net financial debt(1)** amounted to €180.6 million, up €72.6 million compared with a year ago. It represented 89.7% of shareholders' equity at December 31, 2019, compared with 54.3% at December 31, 2018. Long- and short-term liabilities include €6.8 million for an employee profit-sharing plan, and €2.0 million of other debt at December 31, 2019.
Lease liabilities **€65.9m**	At December 31, 2019, the application of IFRS 16 resulted in the recognition of lease liabilities for €65.9 million, offset against right-of-use assets. €52.4 million are classified as long-term debt and €13.5 million as the short-term portion. Therefore, total Group liabilities amounted to €246.5 million at December 31, 2019.
Off-balance sheet commitments	Cegedim SA provides guarantees and securities covering the operational or financing obligations its subsidiaries incur in the ordinary course of business. See Chapter 4, Point 4.6, Note 20.4.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

SUMMARIZED CONSOLIDATED CASH FLOW STATEMENT

In € million	12/31/2019	12/31/2018
Cash flow generated from operating activities after tax paid and change in WCR	**95.9**	**62.1**
Tax paid	(2.2)	(2.9)
Change in working capital	(64.5)	+64.4
Net cash from (used in) operating activities	**29.3**	**123.6**
Of which net cash from (used in) operating activities held for sale	0.0	(5.1)
Net cash from (used in) investing activities	**(76.4)**	**3.3**
Of which net cash from (used in) operating activities held for sale	0.0	13.9
Net cash from (used in) financing activities	**(5.2)**	**(68.9)**
Of which net cash from (used in) financing activities	0.0	(13.1)
Total cash flows excluding currency impact	**(52.3)**	**+58.0**
Change due to exchange rate movements	+0.3	+0.1
Change in cash	**(52.0)**	**+58.1**
Net cash at the beginning of the period	81.1	23.0
Net cash at the end of the period	29.1	81.1

Net cash from operating activities(1)

In € million	12/31/2019	12/31/2018
Cash flow from operating activities before tax and interest	95.9	62.1
Change in working capital requirement	(64.5)	+64.4
Corporate tax paid	(2.2)	(2.9)
Net cash from operating activities	**+29.3**	**123.6**
Acquisitions of intangible assets	(50.7)	(47.9)
Acquisitions of tangible assets	(11.7)	(11.0)
Disposal of intangible assets and tangible assets	+8.3	+0.1
Free cash flow from operations (1)	**(24.8)**	**+64.8**

Total capital expenditures

In € million	12/31/2019	12/31/2018
Capitalized R&D	(47.6)	(44.4)
Maintenance capex	(14.8)	(32.3)
Total capital expenditures excluding acquisition / disposal and investment in discontinuing activities	**(62.4)**	**(76.7)**
Acquisition / Disposal	(25.4)	+64.6
Total capital expenditures	**(87.8)**	**(12.2)**
Consolidated Group revenue	503.7	467.7
Total capital expenditures excluding acquisition / disposal and investment in discontinuing activities to Revenue ratio	12.4%	16.4%

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

COMMENTS ON THE CASH FLOW STATEMENT

Net cash flow from operating activities **+€29.3m**	**Cash flow generated from operating activities** decreased by €94.3 million, or 76.3%, to €29.3 million at the end of December 31, 2019, compared to €123.6 million at the end of December 31, 2018. The decline is mostly due to the €64.5 million increase in working capital requirement, which was partly offset by a €28.6 million gain on disposal.
Change in working capital **€(64.5)m**	**Working capital** levels vary as a result of several factors, including seasonality and the efficiency of the receivables collection process. Historically, Cegedim has financed its working capital requirements with cash on hand and amounts available under the revolving credit facility and overdraft facilities. Working capital requirement amounted to €64.5 million at December 31, 2019, compared with a working capital release of €64.4 million a year earlier. This increase in WCR reflects the negative change in trade receivables for the health insurance BPO business and the cancellation of the non-recourse factoring agreement.
Net cash flow used in investing activities **€(76.4)m**	**Net cash flow used in investing activities** increased by €79.7 million, to an outflow of €76.4 million at end-December 2019, compared with an inflow of €3.3 million at end-December 2018. The change in cash flow from investing activities is mostly due to the capitalization of R&D, the sale of nearly all of the business activities of Pulse Systems Inc, and acquisitions. In 2018, the Group sold Cegelease and Eurofarmat for over €70 million.
Net cash flow used in financing activities **€(5.2)m**	**Net cash flow used in financing activities** decreased by €63.7 million, resulting in an outflow of €5.2 million at December 31, 2019, compared with an outflow of €68.9 million at December 31, 2018. This trend reflects mainly the impact of debt refinancing conducted in the second half of 2018 that lead to the repayment of the old €200 million revolving credit facility following the disposal of Cegelease and Eurofarmat and the issuance of the €135 million Euro PP. In 2019, the main impacts are the initial application of IFRS 16, with a recognition of a lease liabilities and the drawing of €20 million for the revolving credit facility.
Change in net cash **€(52.0)m**	**The change in net cash** from operations, investment operations, and financing operations was a decrease of €52.0 million at the end of December 2019, including a €0.3 million positive contribution from exchange rate movements.
Free cash flow from operations(1) **€(24.8)m**	**Free cash flow from operations(1)** amounted to a requirement of €24.8 million for 2019, compared with a release of €64.8 million a year ago. This €89.6 million decline came mainly from a significant increase in WRC, partly offset by an increase in the operating cash flow before cost of net financial debt and taxes.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

3.3 Investment policy

Investment policy	Cegedim's investment policy is designed to support and enhance the Group's growth potential in its markets and is focused on: – financial investments (acquisitions and disposals of assets); and – investments related to operations (organic growth).

Financial investments

Financial investments	The Group's financial investments reflect its strategy of expanding in its markets in the healthcare sector and other sectors. The main driver of international expansion is a desire to support its customers in their markets. The Company regularly looks into acquisition opportunities that are consistent with this strategy. It does not actively and methodically search for targets. However, it does constantly monitor potential targets in-house so it can seize the best opportunities when they arise. By and large, if it is acquiring a business with a revenue of under €10 million, Cegedim uses its own funds. For larger transactions, however, it examines the need for debt financing on a case-by-case basis. The lenders (banks and Euro PP bondholders) must approve transactions worth over €50 million if the leverage ratio is higher than 2.00 times. The Group complied with all these covenants as of December 31, 2019, and there is no foreseeable risk of default. See point 3.7 "Major contracts" of the section "Specific clauses of the Loan and Bond agreements". Transaction prices and financial terms and conditions are protected by non-disclosure agreements. All earnouts were recorded.
Impact of changes in consolidation scope	The impact of changes in consolidation scope was an outflow of €25.4 million at the end of December 2019, compared with an inflow of €64.6 million at the end of December 2018. This increase is mostly due to the acquisition of ***Ximantix*** in Germany on January 21, 2019, ***BSV*** in France on January 31, 2019, ***Cosytec*** in France in July 2019, and ***NetEDI*** in the UK in August 2019. In 2018, the inflow came mainly from the receipt of over €70 million in February 2018 from the sale of Cegelease and Eurofarmat.

Acquisitions made in the past three years

In € million	Price excluding earnouts	Earnouts	Total price of acquisitions
2017	2.4	1.1	3.5
2018	7.2	0.0	7.2
2019	27.5	0.0	27.5

Description of acquisitions made in 2017	**February 2017:** Acquisition by ***Alliadis Europe Ltd*** of ***B.B.M. Systems*** in the UK. The deal strengthened the Group's expertise in cloud-based products for general practitioners. ***B.B.M. Systems*** generated revenue of €0.7 million in 2016 and earned a profit. It began contributing to the Group's consolidation scope from March 1, 2017. **May 2017:** Acquisition of UK-based ***Adaptive Apps*** through its subsidiary ***In Practice Systems Ltd (INPS)***. ***Adaptive Apps*** generated 2016 revenue of around €1.5 million and earned a profit. It began contributing to the Group's consolidation scope in May 2017.

Description of acquisitions made in 2018	**March 2018:** Acquisition by ***Cegedim SRH*** of the French company ***Rue de la Paye***. The deal has enabled the Group to market digital payroll solutions to 2 million SMEs and small businesses in France, including—importantly—thousands of healthcare professionals that were already Cegedim Group clients. ***Rue de la Paye's*** 2017 revenues were equivalent to around 1% of 2017 consolidated Group revenues, and it earned a profit. It began contributing to the Group's consolidation scope in April 2018.
Description of acquisitions made in 2019	**January 2019:** Acquisition by ***Cegedim*** of the German company ***XimantiX***. Building on its presence in the digitalization market in Belgium, France, the United Kingdom, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, ***Cegedim e-business*** will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope. ***XimantiX's*** 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019. **January 2019: *Cegedim*** acquired ***BSV Electronic Publishing***, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR), and Automatic Document Recognition (ADR). ***BSV Electronic Publishing*** generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019. **February 2019: *Cegedim*** acquired French company ***RDV Médicaux***, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms ***Docavenue's*** ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. ***RDV Médicaux's*** 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019. **No acquisitions** were carried out between December 31, 2019, and this document's filing date.
Description of divestments carried out over the past three years	**On January 11, 2018, *Cegedim*** sold its Tunisian subsidiaries, ***Next Software*** and ***Next Plus*** (owned by ***Next Software*** and a private individual). Both businesses have been outside the scope of consolidation since January 1, 2018. In 2017, they generated revenue of €0.1 million. **On February 28, 2018, *Cegedim*** announced the definitive sale of the ***Cegelease*** and ***Eurofarmat*** activities to Franfinance (Société Générale Group) for €57.5 million. The deconsolidation took place on March 1, 2018. In 2017, these activities generated revenue of €13.0 million. As a result of this transaction, ***Cegedim*** now has a portfolio of businesses that are a good fit for each other and generate strong synergies. No further divestments are planned. **No divestments** were carried out between December 31, 2019, and this document's filing date.
Planned investments	Planned investments to which management is already firmly committed: At the date of filing of this Universal Registration Document, no firm undertakings had been made by Cegedim Group.
Equity investment details	Direct and indirect equity investments and disposals of equity interests by Cegedim SA: None. Equity investments made this year that increased our stake to over one-twentieth, one-tenth, one-fifth, one-third, one-half, or two-thirds of the capital of a company with a registered office in the territory of the French Republic, and takeovers of any such companies (French Commercial Code, Article L. 233-6, para. 1and L.247-1,1): None. Direct equity investments by Cegedim SA: Pharmazon, a French company held at 28.6%.

Operating investments

Operating investments	Operating investments are aimed at accelerating the Group's organic growth by expanding its range of products and services; launching new features, offerings, and business activities; entering new countries, etc. Operating investments are financed with the Group's own funds. Most investments consist of R&D expenses, part of which are capitalized. For more detail on R&D investments, please see the "Research and development" section of Chapter 1.
Capital expenditures excluding acquisitions / disposals **€62.4m**	Capital expenditures excluding acquisitions and divestments were up compared with previous years. Historically, the principal items have been R&D, maintenance costs, and acquisitions / disposals. There are no material capital expenditure commitments. Flexibility and discretion are maintained in order to periodically adjust the level of capital expenditures to the needs of Cegedim's business. At December 31, 2019, capital expenditures decreased by €14.3 million, or 18.7%, to €62.4 million compared with €76.7 million at December 31, 2018. The capital expenditures breakdown was as follows: €47.6 million of capitalized R&D in 2019 compared with €44.4 million in 2018, and €14.8 million in maintenance capex in 2019 compared with €32.3 million in 2018. Capital expenditures represented 12.4% of consolidated revenue over 2019, compared with 16.4% over 2018.
Capitalization of R&D costs **€47.6m**	At the end of December 2019, €47.6 million of R&D costs were capitalized, an increase of €3.2 million compared with December 2018. This figure excludes payroll costs and external expenses. The remaining R&D costs are recorded as expenses for the period in which they were incurred.
Payroll expenses for the R&D workforce as a percentage of consolidated revenue **12.5%**	Payroll expenses for the R&D workforce represent around 12.5% of the last 12 months of Group revenue. Although this percentage is not a targeted figure, it has increased compared with the past several years. Of this R&D expenditure, approximately half is capitalized annually in accordance with IAS 38, which requires that (i) the project is clearly identified and the related costs are separable and tracked reliably; (ii) the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from this project; and (iii) it is probable that the developed project will generate future economic benefits that will flow to the Group.

3.4 Related party transactions

Related party transactions	A description of transactions with related parties is available in Chapter 4 "Consolidated Statements", Section 4.6, Note 20.

3.5 Events after December 31, 2019

Apart from the items cited below, to the best of the company's knowledge, there were no post-closing events or changes that would materially alter the Group's financial situation.

Covid-19 epidemic	Faced with the recent development of the coronovirus and the covid-19 epidemic, and their effects on the European economy, the Group has activated its continuity plans and is closely monitoring any impact on its activities. However, at this stage, it is too early to fully assess the impact on Cegedim's operations and financial results, so it is impossible to comment on the 2020 outlook.

3.6 Outlook

2019 performance

The Group had set the following targets for 2019:

- in March 2019, 5% growth in both like-for-like[1] revenue and EBITDA compared to 2018;
- in September 2019, the Group lifted its outlook to growth above 5% in both like-for-like[1] revenue and EBITDA compared to 2018;
- in January 2020, when the press release for FY2019 revenues was issued, the Group raised its outlook again, saying it expected EBITDA[1] growth excluding IFRS 16 to be on par with revenue growth.

FY 2019 revenues came to €503.7 million, up 7.0% like for like[1] compared with the same period in 2018. FY 2019 EBITDA[1]excluding the IFRS 16 impact came to €85.2 million, up 11.0% year on year.

2020 outlook

Cegedim operates in markets that are constantly evolving, and its strategic refocus is complete. The Group boasts solid fundamentals, a balanced portfolio of complementary offerings, a diverse client base, a broad geographic footprint, and the strength of an integrated group. These factors should enable it to sustain its current momentum of lasting, profitable growth, building on the dynamic of 2019.

However, faced with the spread of the coronavirus and the covid-19 epidemic—and its impact on the European economy—the Group has activated its business continuity plans and is closely following the situation's impact on its business activities. At this stage it is still too early to fully assess the impact on Cegedim's business operations and financial results, so it is impossible to issue specific guidance on the Group's 2020 outlook.

The group does not provide earnings estimates or forecasts.

Notice

The figures cited above include guidance on Cegedim's future financial performances. This forward-looking information is based on the opinions and assumptions of the Group's senior management at the time this document is issued and naturally entails risks and uncertainty. For more information on the risks facing Cegedim, please refer to Chapter 7, Section 7.2, "Risk factors".

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

3.7 Major contracts

Major contracts	Significant contracts in the two years preceding the publication of this Universal Registration Document, other than contracts signed in the normal course of business to which Cegedim or any other member of the Group is party, related to external growth operations. They are systematically subject to confidentiality agreements. When these transactions are concluded, and if they are likely to have a significant impact on the issuer's situation, they are announced in a press release that can also be consulted on the Company's website (www.cegedim.com). All contracts entered into by Group entities, up to the date of this Universal Registration Document, which contain provisions that impose obligations or commitments of Group-wide importance on any of the Group's entities, are mentioned in Note 21.4 of the Consolidated Financial Statements presented in Chapter 4, Section 4.6 of this Universal Registration Document. The Group's top 1, top 5, and top 10 clients represented respectively 3.8%, 12.0%, and 17.4% of Group consolidated revenues for the year ended December 31, 2019.
Loan contract	On October 9, 2018, the Group arranged a bank revolving credit facility (RCF) of €65 million maturing on October 9, 2023, with a one-year extension option. The remainder of the previous €200 million RCF was redeemed early on October 9, 2018, i.e. €115 million. The Loan contract contains the undertakings, guarantees, and restrictive covenants typically found in such documents, as noted below in the section "Specific clauses of the Loan and Bond agreements". The Loan contract also specifies that the FCB Loan is to remain subordinate.
Bond	On October 8, 2018, Cegedim issued a private placement Euro PP maturing on October 8, 2025, for an amount of €135 million. The bond has a change of control clause that would trigger a mandatory early redemption of the Bond if requested by individual bondholders in the event that control of the Company is transferred to a person or group of persons acting in concert. In addition, as usual for these kinds of agreement, certain events of default may trigger an early redemption. The terms of the Bond also specify that the FCB Loan is to remain subordinate. Key clauses are spelled out below in the section "Specific clauses of the Loan and Bond agreements".

Specific clauses of the Loan and Bond agreements	The Euro PP and RCF are: – governed by the standard commitment and default clauses customarily included in this type of agreement: pari passu ranking, a negative pledge clause that limits the security that can be granted to other lenders, and a cross default obligation. – subject to financial ratio covenants. Compliance with these financial covenants is determined according to IFRS. The Group must ensure that, for any relevant 12-month period until the termination date, its leverage ratio is less than 2.50 and its interest cover ratio is greater than 4.50. For the purposes of the calculation, net financial debt does not include employee profit sharing liabilities or the FCB loan. The net debt to EBITDA ratio came to 1.41 (0.74 in Dec. 2018) and the EBITDA to interest expense ratio came to 12.00 (14.86 in Dec. 2018). – subject to a dividends clause, limiting distribution to a maximum of 50% of the consolidated net income if the leverage ratio is lower than 1.00 and to a maximum of 30% if the leverage ratio is greater than 1.00 and less than 2.50. – subject to an acquisition clause, limiting the aggregated enterprise value of all acquisitions made or to be made during a financial year to a maximum of €50 million if the leverage ratio is higher than 2.00. If the ratio is lower than 2.00, the Enterprise value of the acquisitions is not capped. The Group complied with all these covenants as of December 31, 2019, and there is no foreseeable risk of default.
Factoring agreement	On May 22, 2017, the Group entered into non-recourse factoring agreements with a French bank covering the assignment of a total of €38.0 million in receivables. Cegedim SA, Cegedim Activ, Cegedim SRH, and CETIP were covered by the factoring agreements. The factoring agreements were open-ended, but either party had the right to terminate them at any time, subject to a three-month notice period. They applied to trade receivables denominated in euros payable by clients located in France. The amount of trade receivables sold under the agreement came to €28.9 million at December 31, 2017, and €39.0 million at December 31, 2018. The Group terminated the agreements in 2019, so as of December 31, 2019, there was no non-recourse factoring. As of June 30, 2019, the Group had sold €24.1 million of receivables under the agreements.

(1) see Chapter 4, "Consolidated Financial Statements", Section 4.6, Note 2 on alternative performance indicators.

3.8 Analysis of the financial position of Cegedim SA.

Rules, methods and key indicators

Presentation rules and valuation methods	The annual financial statements for the financial year ended December 31, 2018, which we are submitting for the approval of the General Meeting, were prepared in accordance with the presentation rules and valuation methods set forth in current regulations. The presentation rules and valuation methods used are identical to those used for the previous financial year.
Key financial performance indicators	– Revenue generated within the Group and outside the Group; – Dividends received; – Investments; – Financial structure. Detailed comments on these are provided below.
Key non-financial performance indicators	Cegedim has pooled the IT resources it makes available to its subsidiaries and their clients. It is therefore essential for Cegedim to be on the cutting edge of new technologies, to make sure that these systems are operating optimally, and to ensure that they are maintained and secure (physical security, access security, information security, administration security, and development security). Cegedim considers employee training to be a key success factor, leading to satisfied clients and motivated employees. Cegedim's training policy focuses on continuously adapting the skills of its research and development teams and helping its employees acquire new skills necessary for their work. The Cegedim Group's international expansion, particularly through acquisitions, depends on its ability to incorporate new activities. That being the case, Cegedim takes measures to accelerate the incorporation of new activities, mitigate the risks inherent in expansion, and track performance.
Governmental, economic, budgetary, monetary, or political strategies or factors capable of influencing Cegedim's operations directly or indirectly	To the Company's knowledge, except for the developments presented in Note 30 of Chapter 5, Section 5.3.3, there are no specific governmental, economic, budgetary, monetary, or political strategies or factors capable of influencing Cegedim's operations directly or indirectly.

Comments on the P&L

Revenue **€(75.9)m**	Cegedim SA's revenue climbed by 11.8%, from €67.9 million in 2018 to €75.9 million in 2019. This increase mainly reflects the increase in e-business activities.
Operating earnings **€(3.3)m**	**Operating earnings** amounted to a loss of €3.3 million in 2019, a €3.6 million decrease compared with the €6.9 million loss of 2018. **Operating income** increased by 10.6%, from €75.4 million in 2018 to €83.4 million in 2019. Highlights included: – A €0.7 million increase in capitalized R&D compared with 2018; – A decrease in write-backs of depreciation, amortization, and provisions of €0.9 million compared with 2018. **Operating expenses** increased, by 5.3%, from €82.3 million in 2018 to €86.6 million in 2019. Highlights included: – A €1.5 million increase in payroll costs and social security payments during the period; – A €1.0 million increase in "allowances to provisions for risks and charges".
Financial result **€(16.7)m**	**The financial result** was a charge of €16.7 million in 2019, compared with a €23.0 million charge in 2018. This included €29.5 million in financial income and €46.2 million in financial expenses. – **Financial income** increased by €4.6 million, or 18.5%, mainly due to the €8.0 million decrease in financial income from equity stakes, or 57.3%; – **Financial expenses** decreased by €1.7 million, or 3.6% mainly due to the €2.4 million, or 6.0%, decrease in allocations to depreciation and provisions.
Recurring earnings before tax **€(19.9)m**	**Recurring earnings before tax** amounted to a €19.9 million loss in 2019, compared with a loss of €29.9 million in 2018.
Net exceptional income **€1.7m**	**Net exceptional income** in 2019 was a profit of €1.7 million, compared with a profit of €45.7 million in 2018. For 2018, this exceptional income was chiefly attributable to €75.4 million of exceptional revenue from corporate actions related mainly to the divestments of Cegelease and Eurofarmat.
Income taxes **€9.9m**	**Income tax** for 2019 amounted to €9.9 million, compared to €9.5 million in 2018.
Net profit **€(9.1)m**	**Net profit** for 2019 amounted to loss of €9.1 million, compared to a profit of €24.7 million in 2018.

ACCOUNTS PAYABLE AGING SCHEDULE

In €	Total accounts payable at 12/31/2019	Accounts payable, not yet due	Accounts payable, current	Past due < 30 days	Past due 31 – 60 days	Past due > 60 days
Internal suppliers	2,321,767	2,258,264	63,503	(11,447)	-	74,951
External suppliers	4,816,495	4,387,107	429,388	37,863	5,053	386,471
Total accounts payable	7,138,262	6,645,371	492,891	26,416	5,053	461,422

In €	Total accounts payable at 12/31/2018	Accounts payable, not yet due	Accounts payable, current	Past due < 30 days	Past due 31 – 60 days	Past due > 60 days
Internal suppliers	1,879,134	1,853,822	25,312	(847)	-	26,159
External suppliers	2,976,638	2,626,337	350,301	52,433	84,041	213,827
Total accounts payable	4,855,772	4,480,159	375,613	51,586	84,041	239,986

Payment period for receivables and payables

Current payables and unpaid receivables as at December 31, 2018 (table provided in accordance with Article D.441-4 of the Commercial Code).

Article D. 441 I.-1°	Invoices **received** but unpaid and current or past due on December 31, 2019.						Invoices **sent** but unpaid and current or past due on December 31, 2019					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
Numbers of invoices	6					1,003	642					1,370
Amount, all taxes included	(744)	27,160	5,053	106,375	355,047	493,635	1,811,853	1,526,021	2,261,167	1,363,437	2,996,496	8,147,121
Percentage of the total amount of purchases including tax for the year	0.00%	0.06%	0.01%	0.23%	0.77%	1.07%						
Percentage of revenue (excluding taxes) for the year							2.39%	2.01%	2.98%	1.80%	3.95%	10.74%
((B) Invoices excluded from (A) related to disputed or contentious debt and receivables												
Numbers of invoices excluded	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of excluded invoices (excluding taxes)	-	-	-	-	-	-	-	-	-	-	-	-
(C) Reference payment period used (contractual or legal, Article. L. 441-6 or L.443-1 of the French Commercial Code)												
Payment deadline used for calculation	Contractual deadline: 60 days Legal deadline: 60 days						Contractual deadline: 60 days Legal deadline: 60 days					

3.9 Dividends paid in respect of the last three financial years

Dividend distribution policy

The Group paid no dividends in respect of 2017, 2018, or 2019.

The Group does not plan to pay regular cash dividends before it has completed its business model transformation. Any decision to distribute and pay dividends in the future will be made at the discretion of Cegedim's Board of Directors and will depend on, among other things, the results of the Group's operations, its financial position, cash requirements, contractual restrictions, and any other factors that the Board may deem relevant.

In addition, the Group's ability to pay dividends is, and may continue to be, limited by covenants on the loans that the Group or its subsidiaries have taken or may take in the future.

If the Company holds some of its own shares when a dividend is paid, the distributable earnings corresponding to the dividend not paid on the shares the Company holds will be allocated to retained earnings.

Table of dividends paid in respect of the last three financial years

In accordance with the provisions of article 243 bis of the French General Tax Code, the amounts distributed as dividends for the three previous financial years are as follows.

Financial year	Number of shares	Income eligible for tax deduction			Income not eligible for tax deduction
		Dividend		Other income distributed	
		Per share	Overall		
2017	13,997,173	None	None	None	None
2018	13,997,173	None	None	None	None
2019	13,997,173	None	None	None	None

03

Overview of the financial year

FY 2019

04

Consolidated financial statements

4.1 Consolidated balance sheet

4.1.1 Consolidated assets

In thousands of euros	Note	12/31/2019 Net	12/31/2018 Net
Goodwill on acquisition	10.1	192,740	173,024
Development costs		21,960	13,103
Other intangible fixed assets		135,579	143,606
Intangible fixed assets	10.2	157,540	156,709
Property		544	544
Buildings		2,960	3,554
Other tangible fixed assets		30,960	29,306
Right-of-use assets		64,537	-
Fixed assets in progress & Advances and deposits on tangible fixed assets		163	11
Tangible fixed assets	10.3	99,164	33,416
Equity investments		1,214	1,214
Loans		14,017	13,425
Other long-term investments		4,546	6,318
Long-term investments – excluding equity shares in equity method companies	10.4	19,777	20,957
Equity shares in equity method companies	9.2	15,080	10,486
Deferred tax asset	15.1	31,750	28,196
Accounts receivable: long-term portion	7.7	-	87
Other receivables: long-term portion	7.8	-	-
Long-term financial instruments		387	562
Prepaid expenses: long-term portion		390	530
Non-current assets		516,828	423,966
Services in progress	7.6	-	-
Goods	7.6	4,434	2,670
Advances and deposits received on orders		208	268
Accounts receivable: short-term portion	7.7	143,986	97,278
Other receivables: short-term portion	7.8	101,684	33,318
Short-term financial instruments		1	-
Cash equivalents		0	152
Cash		29,059	80,939
Prepaid expenses: short-term portion		12,414	9,516
Current assets		291,785	224,142
Assets of activities held for sale	6.1	-	-
Total Assets		**808,613**	**648,108**

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparable figures for 2018.

As of December 31, 2019, the cash position is negatively impacted by €32.2 million, as client advances in the health insurance BPO business (outsourced management of health benefit payments) were classified as "other current receivables" to reflect the specific terms of a large contract.

The Group also used a non-recourse factoring agreement, of which €39.0 million was drawn as of December 31, 2018. As of December 31,2019, the entire non-recourse factoring agreement was cancelled.

4.1.2 Consolidated liabilities and shareholders' equity

In thousands of euros	Note	12/31/2019	12/31/2018
Share capital		13,337	13,337
Group reserves		186,526	185,287
Group exchange gains/losses		(1,480)	(5,613)
Group earnings		2,697	5,771
Shareholders' equity, Group share		201,080	198,781
Minority interests		167	175
Shareholders' equity		201,247	198,957
Long-term financial liabilities	11.1	195,694	185,845
Non-current lease liabilities	14	52,413	-
Long-term financial instruments		627	961
Deferred tax liabilities	15.1	8,009	6,605
Retirement commitments	18	32,250	23,607
Non-current provisions	7.10	1,855	2,781
Other non-current liabilities	7.9	-	15
Non-current liabilities		290,847	219,814
Short-term financial liabilities	11.1	13,961	3,211
Current lease liabilities	14	13,507	-
Short-term financial instruments		2	1
Accounts payable and related accounts		50,644	41,774
Tax and social liabilities		91,593	89,074
Provisions	7.10	5,513	2,945
Other current liabilities	7.9	141,299	92,332
Current liabilities		316,519	229,337
Liabilities of activities held for sale	6.1	-	-
Total Liabilities		**808,613**	**648,108**

4.2 Consolidated income statement

In thousands of euros	Note	12/31/2019	12/31/2018	Change
Revenue	7.1	503,745	467,688	7.7%
Purchases used		(28,406)	(29,316)	(3.1)%
External expenses	7.2	(115,344)	(122,563)	(5.9)%
Taxes		(7,319)	(8,243)	(11.2)%
Payroll costs	8.1	(249,736)	(229,878)	8.6%
Impairment on accounts receivable and other receivables and on contract assets		(800)	(1,358)	(41.1)%
Allocations to and reversals of provisions		(2,674)	673	n.m
Change in inventories of products in progress and finished products		(79)	-	n.m
Other operating income and expenses		(576)	(2,358)	(75.6)%
Share of income of equity method companies		2,437	2,128	14.5%
EBITDA[1]		101,248	76,772	31.9%
Depreciation expenses other than right-of-use assets		(48,399)	(43,716)	10.7%
Depreciation expenses of right-of-use assets		(15,753)	-	n.m
Recurring operating income before special items[1]		37,096	33,056	12.2%
Depreciation of goodwill		(2,800)	-	n.m
Non-recurring income and expenses[1]		(18,204)	(18,640)	(2.3)%
Other non-recurring operating income and expenses[1]	7.4	(21,004	(18,640)	12.7%
Operating income		16,092	14,416	11.6%
Income from cash and cash equivalents		93	1,154	(91.9)%
Gross cost of financial debt		(8,805)	(7,041)	25.1%
Other financial income and expenses		140	(77)	(281.9)%
Cost of net financial debt	11.2	(8,572)	(5,964)	43.7%
Income taxes		(5,824)	(4,632)	25.7%
Deferred taxes		1,003	707	41.8%
Total taxes	15.1	(4,821)	(3,925)	22.8%
Share of profit (loss) for the period of equity method companies		(8)	(46)	(82.2)%
Profit (loss) for the period from continuing activities		2,691	4,481	(40.0)%
Profit (loss) for the period from discontinued activities	6.2	-	1,345	n.m
Consolidated profit (loss) for the period		2,691	5,826	(53.8)%
Consolidated net income (loss) attributable to owners of the parent	A	2,697	5,771	(53.3)%
Income from of equity method companies		(6)	**56**	(111.0)%
Average number of shares excluding treasury stock	B	13,856,173	**13,919,741**	
Current earnings per share (in euros)		0.6	0.7	n.m
Earnings per share (in euros)	A/B	0.2	0.4	n.m
Dilutive instruments		None	None	n.m
Earning for recurring operation per share (in euros)		0.2	0.4	n.m

(1) see Section 4.6, Note 2 on alternative performance indicators.
(2) compared to the same period a year ago.

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparable figures for 2018.

4.3 Consolidated statement of comprehensive income

In thousands of euros	Note	12/31/2019	12/31/2018	Change
Consolidated net profit (loss) for the period		2,691	5,826	(53.8)%
Unrealized exchange gains / losses		4,133	(605)	n.m
Hedging of financial instruments				
Gross unrealized gains and losses		*9*	*(249)*	*n.m*
Tax impact		*(3)*	*72*	*n.m*
Other items that may not later be recycled to profit or loss		4,140	(782)	n.m
Restatement of net liabilities of defined-benefit schemes				
Gross gains and losses		*(6,809)*	*104*	*n.m*
Tax impact		*1,754*	*86*	*n.m*
Other items that may not later be recycled to profit or loss net		(5,056)	190	n.m
Total earnings		**1,775**	**5,234**	**(66.1)%**
Minority interests' share		(6)	56	n.m
Group share		**1,781**	**5,178**	**(65.6)%**

4.4 Consolidated statement of changes in equity

In thousands of euros	Share capital	Share premiums	Conso. retained earnings and profit for year	Exchange differences	Total group share	Share of stakes in equity method companies	Total
Balance at 01/01/2018	**13,337**	**0**	**189,027**	**(5,008)**	**197,357**	**(11)**	**197,346**
Profit (loss) for the financial year			5,771		5,771	56	5,827
Gains and losses recognized directly in equity							0
• Hedging of financial instruments			(177)		(177)		(177)
• Hedging of net investments					0		0
• Exchange differences				(605)	(605)		(605)
• Actuarial differences related to prov. for retirement			190		190		190
Total earnings for the financial year			5,784	(605)	5,179	56	5,235
Transactions with shareholders							
• Capital transaction							0
• Securities transaction			(268)		(268)		(268)
• Distribution of dividends[(1)]						(57)	(57)
• Treasury shares			(3,628)		(3,628)		(3,628)
Total transactions with shareholders			(3,896)	0	(3,896)	(57)	(3,953)
Rent exemption			141		141		141
Change in consolidated scope					0	188	187
Balance at 12/31/2018	**13,337**	**0**	**191,057**	**(5,613)**	**198,781**	**176**	**198,956**
Profit (loss) for the financial year			2,697		2,697	(6)	2,691
Gains and losses recognized directly in equity							0
• Hedging of financial instruments			6		6		6
• Hedging of net investments					0		0
• Exchange differences				4,133	4,133		4,133
• Actuarial differences related to prov. for retirement			(5,056)		(5,056)		(5,056)
Total earnings for the financial year			(2,352)	4,133	1,781	(6)	1,775
Transactions with shareholders							
• Capital transaction							0
• Securities transaction			256		256		256
• Distribution of dividends[(1)]						(1)	(1)
• Treasury shares			261		261		261
Total transactions with shareholders			517	0	517	(1)	516
Change in consolidated scope					0		0
Balance at 12/31/2019	**13,337**	**0**	**189,222**	**(1,480)**	**201,080**	**167**	**201,247**

(1) The total amount of dividends is distributed in respect of common shares. There are no other classes of shares. There were no issues, repurchases or redemptions of equity securities for the years 2018 and 2019, except for the shares acquired under the free share award plan.

4.5 Consolidated statement of cash flows

In thousands of euros	Note	12/31/2019	31/12/2018
Consolidated profit (loss) for the period		2,691	5,826
Share of earnings from equity method companies		(2,429)	(2,082)
Depreciation and provisions		53,681	50,808
Capital gains or losses on disposals		28,570	(1,694)
Cash flow after cost of net financial debt and taxes		82,513	52,858
Cost of net financial debt		8,572	6,019
Tax expenses		4,821	3,212
Operating cash flow before cost of net financial debt and taxes		95,906	62,089
Tax paid		(2,190)	(2,943)
Change in working capital requirements for operations: requirement		(64,455)	-
Change in working capital requirements for operations: surplus		-	64,436
Cash flow generated from operating activities after tax paid and change in working capital requirements (a)	A	29,260	123,582
Of which net cash flows from operating activities held for sale		-	(5,145)
Acquisitions of intangible assets	10.2	(50,665	(47,907)
Acquisitions of tangible assets	10.3	(11,704	(10,976)
Acquisitions of long-term investments	10.4	-	(3,929)
Disposals of tangible and intangible assets		8,321	104
Disposals of long-term investments		261	-
Change in loans made and cash advances		894	(1,214)
Impact of changes in consolidation scope(1)	4.3.3	(25,378)	64,553
Dividends received		1,883	2,704
Net cash flows generated by investment operations (b)	B	(76,389)	3,335
Of which net cash flows connected to investment operations of activities held for sale		-	13,892
Dividends paid to shareholders of the parent company		-	-
Dividends paid to the equity method companies		(1)	(57)
Capital increase for cash		-	-
Loans issued	11	20,000	135,000
Loans repaid	11	(913)	(202,125)
Repayment of lease liabilities		(16,307)	-
Interest paid on loans	11.2	(5,237)	(2,360)
Other financial income received		897	4,816
Other financial expenses paid		(3,593)	(4,175)
Net cash flows generated by financing operations (c)	C	(5,154)	(68,899)
Of which net cash flows related to financing operations of activities held for sale		-	*(13,073)*
Change in cash before impact of change in foreign currency exchange rates (a+b+c)	**A+B+C**	**(52,282)**	**58,017**
Impact of changes in foreign currency exchange rates		253	72
Change in cash		**(52,029)**	**58,089**
Opening cash		81,088	22,998
Closing cash		29,059	81,088

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparable figures for 2018.

4.6 Notes to the consolidated financial statements

Note 1 Reference and general principles

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, on the application of international accounting standards, amended by EC Regulation No. 297/2008 of March 11, 2008, and subsequent European Regulations on IAS/IFRS standards, the consolidated financial statements of the Cegedim Group for the period ended December 31, 2019, were prepared in accordance with international accounting standards. International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and their mandatory application interpretations on the closing date.

Cegedim, the Group's parent company, is a société anonyme (a French corporation) with a Board of Directors, incorporated under French law, whose registered office is located at 129-137 rue d'Aguesseau, 92100 Boulogne-Billancourt, France. It is registered with the Nanterre Trade and Companies Registry under reference 350 422 622 RCS Nanterre, and is listed on the Euronext Paris stock exchange. The consolidated financial statements for the year ended December 31, 2019 reflect the accounting position of Cegedim and its subsidiaries, together with its interests in associates and joint ventures. On March 19, 2020, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2019, and authorized their publication. These consolidated financial statements will only be considered as final after their adoption by the June 17, 2020, Annual General Meeting.

1.1 Valuation methods used for the consolidated financial statements

The financial statements mainly use the historical cost principle, except for derivative instruments and financial assets, which are measured at fair value.

NEW IFRS STANDARDS AND INTERPRETATIONS

The Group uses IFRS standards, amendments, and interpretations that are mandatory as of January 1, 2019.

The adoption of IFRS 16 "Leases", applicable to fiscal years beginning on or after January 1, 2019, has impacted the Group's accounting rules and methods.

The other IFRS standards and amendments that took effect on January 1, 2019, had no impact on the Group's financial statements at December 31, 2019:

- Amendments to IAS 19 "Employee Benefits": Plan amendment, curtailment or settlement;
- Annual improvements (2015-2017 cycle) applicable to fiscal years beginning no later than January 1, 2019;
- Amendments to IAS 28 "Investments in associates and joint ventures": Long-term interests in associates and joint ventures, applicable to fiscal years beginning no later than January 1, 2019;
- Amendments to IFRS 9 "Financial Instruments": Early redemption clause stipulating negative compensation, applicable to fiscal years beginning on or after January 1, 2019;
- IFRIC 23 – Uncertainty over Income Tax Treatments.

INITIAL APPLICATION OF IFRS 16 "LEASES"

For a detailed explanation of the IFRS 16 impact, please see Note 14.

- *Recognition of leases under IFRS 16*

Starting January 1, 2019, application of IFRS 16 "Leases" to the Group's lease commitments has the following impacts:

- Balance sheet: Recognition of a right-of-use asset and an associated liability.
- Income statement: The rent expense is replaced by a depreciation of the right-of-use asset recorded under "Depreciation and amortization" and an interest charge recorded under "Cost of net financial debt".
- Cash flow statement: The rent expense, which was previously recorded in the line "cash flow from operating activities", is being replaced by a repayment of financial debt in the line "cash flow from financing activities" and by an interest charge in the line "cash flow from operating activities".

The Group is applying this standard using the modified retrospective approach. In addition, the Group has chosen to make use of the two recognition exemptions allowed under the standard, i.e. for contracts with a duration of less than 12 months and leases covering assets whose unit value when new is less than US$5,000.

The right-of-use asset is recognized at the amount of the lease liability plus any payments made prior to the commencement of the lease term. The right-of-use asset is amortized on a straight-line basis over the term of the lease.

The lease term is the reasonably certain period until the end of the lease and may not be any shorter than the non-cancellable period.

In December 2019, IFRIC published a final decision determining the enforceable period and the amortization period of leasehold improvements. The Group is currently analyzing the potential implications of this decision, but the impact is not expected to be material. The Group adheres to French Accounting Standards Authority (ANC) recommendations regarding property leases in France, applying the longest possible term of nine years for the maximum term.

The lease liability at January 1, 2019, is calculated using IFRS 16 by applying the discount rate on that date to the remaining term of the lease.

The discount rates applied on the effective date are based on the marginal rate for each lease. A different discount rate is calculated for each currency and for each maturity (credit spread). The premium / discount is adjusted to reflect the type of asset in question.

Risk-free rates for each maturity in euros are noted with the aim of covering the full range of lease contracts. The rate used for this is the average of the mid-swap rates.

- • *Deferred tax assets related to leases accounted for using IFRS 16*

As of January 1, 2019, there are no deferred tax assets or liabilities arising from the initial application of IFRS 16. The use of the modified retrospective transition method does not affect shareholders' equity in this respect.

On the other hand, future movements in lease liabilities and right-of-use assets, which are depreciated in different manners (respectively financial and straight-line depreciation), and the possibility of accelerated depreciation will lead to tax positions that are deferred to subsequent periods. These deferred taxes will be recognized as a net asset or liability, lease by lease.

APPLICATION OF IFRIC 23 "UNCERTAINTY OVER INCOME TAX TREATMENTS"

The Group applies interpretation IFRIC 23 dealing with uncertain tax positions as of January 1, 2019. This interpretation had no impact on the Group's financial statements.

1.2 Critical accounting estimates and judgments

order to prepare the financial statements, the management of the Group or the subsidiaries must make estimates and use certain assumptions that impact the value of the assets and liabilities, the valuation of positive and negative contingencies on the closing date, as well as income and expenses for the financial year.

Due to the uncertainties inherent in any valuation process, the Group revises its estimates based on regularly updated information.

It is possible that the future results of the operations involved will differ from these estimates.

The assumptions and estimates primarily concern:

- The valuation of retirement benefit commitments (assumptions described in note 7.10 and 10.2);
- Recognition of deferred tax assets (note 15.1);
- Capitalization of R&D and cost of software developed internally (note 7.5 and 10.2);
- Impairment tests on goodwill (note 10.1);
- Measuring lease restatements under IFRS 16 (note 14);
- If applicable, the methods for classifying activities held for sale (in accordance with IFRS 5).

Note 2 Alternative performance indicators

To monitor and analyze the financial performance of the Group and its activities, Group management uses alternative performance indicators. These financial indicators are not defined by IFRS norms. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

Reported and like-for-like revenue Definition

The Group's reported revenue corresponds to its actual revenue. The Group also uses like-for-like data. Adjustments consist of:

- neutralizing the portion of revenue corresponding to entities divested in 2018;
- including the portion of revenue corresponding to entities acquired in 2019;
- recalculating 2018 revenue at 2019 exchange rates.

These adjustments give rise to comparable data at constant scope and exchange rates, which serve to measure organic growth.

Reported and like-for-like revenue Reconciliation table

In € thousands	D1	D2	D3	Group
2018 revenue (a)	307,684	156,184	3,820	467,688
Impact of disposals	0	(3,971)	0	(3,971)
2018 revenue before impact of disposals	307,684	152,213	3,820	463,717
Currency impact	20	670	0	690
2018 revenue at 2019 exchange rate (b)	307,704	152,883	3,820	464,407
2019 revenue before impact of acquisitions (c)	334,304	159,423	3,430	497,156
Revenue from acquisitions	6,224	365	0	6,589
2019 revenue	340,527	159,788	3,430	503,745
Like-for-like growth ([c-b]/a)	+8.6%	+4.2%	(10.2)%	+7.0%

D1: "Health insurance, HR and e-services" Division
D2: "Healthcare professionals" Division
D3: "Corporate and others" Division"

Recurring operating income (REBIT) Definition

The Group's operating income includes all revenues and expenses directly related to Group activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

"Other non-recurring operating income and expenses" consists of unusual items, notably as concerns their nature or frequency, that could distort the assessment of Group entities' financial performance. Other non-recurring operating income and expenses may include impairment of tangible assets, goodwill, and other intangible assets, gains or losses on disposals of non-current assets, restructuring costs, and costs relating to workforce adaptation measures.

Consequently, Cegedim monitors its operating performance using "Recurring operating income"(REBIT), defined as the difference between total operating income and other non-recurring operating income and expenses.

Recurring operating income (REBIT) is an intermediate line item intended to facilitate understanding of the Group's operating performance and as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

EBITDA Definition

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus depreciation and amortization expenses.

Recurring operating income (REBIT) and EBITDA Reconciliation table

In € million	12/31/2019	12/31/2018
Operating income (a)	16,092	14,416
Other non-recurring operating income and expenses (b)	18,504	18,640
Amortization of goodwill (c)	2,500	-
Other non-recurring operating income and expenses (d=b+c)	21,004	18,640
Recurring operating income (e=a-d)	**37,096**	**33,056**
Depreciation and amortization expenses (f)	64,152	43,716
EBITDA (j=e-f)	**101,248**	**76,772**

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to "Other non-recurring operating income and expenses".

Free cash flow from operations Definition

The Group also uses an intermediate line item, Free cash flow from operations, to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as acquisitions and disposals of tangible and intangible assets).

Free cash flow from operations Reconciliation table

In € million	12/31/2019	12/31/2018
Cash flow generated from operating activities after tax paid and change in working capital requirements (a)	29,260	123,582
Acquisition of intangible assets (b)	(50,665)	(47,907)
Acquisition of tangible assets (c)	(11,704)	(10,976)
Disposal of tangible and intangible assets (d)	8,321	+104
Free cash flow from operations (e=a+b+c+d)	(24,788)	+64,803

Net financial debt Definition

Net financial debt comprises gross borrowings, including accrued interest and debt restatement at amortized cost less cash and cash equivalents.

Net financial debt Reconciliation table

In € million	12/31/2019	12/31/2018
Long-term financial liabilities (a)	248,107	185,845
Short-term financial liabilities (b)	27,468	3,211
Total financial liabilities (c=a+b)	275,575	189,056
Cash and cash equivalents (d)	29,059	81,091
Net financial debt (e=c-d)	246,516	107,965
Non-current IFRS 16 debt (f)	52,413	-
Current IFRS 16 debt (g)	13,507	-
Net financial debt excluding IFRS 16 debt (h=e-f-g)	180,596	107,965

Note 3 Period Highlights

Apart from the items cited below, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

ACQUISITION OF XIMANTIX AND DDL IN GERMAN

On January 21, 2019, Cegedim acquired German company XimantiX. Building on its presence in the digitalization markets in Belgium, France, the UK, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope.

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.

ACQUISITION OF BSV IN FRANCE

On January 31, 2019, Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR) and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

ACQUISITION OF RDV MEDICAUX IN FRANCE

RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system.

RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

ACQUISITION OF COSYTEC IN FRANCE

In July 2019 Cegedim acquired French company Cosytec, which was founded in 1990 and sells HR and equipment planning software that uses constraint programming technology. Cosytec's offerings will augment Cegedim SRH's product range.

The company's client base is made up of SMEs and large corporations in the media, transportation, and services sectors.

Cosytec generated revenues of €1.3 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

BUSINESS ACTIVITIES OF PULSE INC. SOLD

In August 2019, Cegedim sold virtually all the business activities of its wholly owned subsidiary, Pulse Systems Inc., to CareTracker Inc., an affiliate of N. Harris. Under the terms of the sale, Pulse's software solutions and services, RCM services, all customer contracts, a portion of supplier contracts, and much of its personnel were transferred to the buyer.

As part of a group with a solid foundation in North America, Pulse will have all the resources it needs to successfully pursue its development. The deal will allow Cegedim to focus its efforts on Europe and the UK, and to improve its financial position.

The divestment resulted in asset impairment of €16.3 million. Pulse contributed €11.3 million to the Group's consolidated 2018 revenues and €5.6 million to H1 2019 revenues. In H1 2019, Pulse's contribution to group EBITDA was insignificant and its contribution to operating income was negative €18.2 million. Pulse Systems Inc. will be wound up in the coming months.

ACQUISITION OF NETEDI IN UK

In August 2019 Cegedim acquired UK company NetEDI, a major provider of e-procurement (using the PEPPOL EDI system) and e-invoicing for the UK National Health System. Building on the BSV and Ximantix acquisitions, the addition of NetEDI strengthens Cegedim e-business' ability to work with its clients internationally.

NetEDI generated revenues of €2.8 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

TAX

On February 21, 2018, Cegedim SA received official notice that the French tax authorities planned to perform an audit of its financial statements for the period from January 1, 2015, to December 31, 2016. The Group received the statement of tax adjustment on April 16, 2019. Cegedim replied on June 14, 2019, and based on its reply, the tax authorities rescinded the first proposal and made a second proposal on September 9, 2019. After reviewing Cegedim's response, the authorities notified the Group in a letter dated February 25, 2020, that it would make no changes to the adjustment. After consultation with its lawyers and based on ample precedent, the Group still believes that the adjustment is unwarranted and has appealed the decision to a higher administrative authority The maximum tax liability Cegedim faces as a result of the current audit is €9 million. Cegedim believes that there is little risk with respect to this amount or to the amount of deferred tax assets recorded on its balance sheet.

EURIS LITIGATION

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. IQVIA has appealed that decision. Euris is claiming €150 million in damages. After consulting its external legal counsel, the Group has decided not to set aside any provisions.

TESSI LAWSUIT

On September 17, 2019, the Paris Court of Appeals overturned the Commercial Court's ruling and reduced Cegedim's penalty for financial damages resulting from the breach of a contract of sale to €2.9 million from €4.6 million. Tessi repaid Cegedim the sum of €1.7 million during the fourth quarter of 2019.

DIRECTOR APPOINTED TO CEGEDIM SA'S BOARD

At the annual general meeting on August 30, 2019, shareholders appointed Ms. Catherine Abiven to a six-year term as a director. Her term will expire following the AGM held to approve the financial statements for the year 2025.

Note 4 Consolidation scope

4.1 List of consolidated companies

4.1.1 FRENCH FULLY CONSOLIDATED COMPANIES

These entities are consolidated on the basis of their individual financial statements (no grouping of entities).

Company	Corporate offices	City	Legal form	Siren #	% of control	% owned
Cegedim	137, rue d'Aguesseau	Boulogne	SA	350422622	100.00 %	100.00 %
Alliance Software	3, impasse des Chênes	Niort	SAS	407702208	100.00 %	100.00 %
Alliadis	3, impasse des Chênes	Niort	SAS	342280609	100.00 %	100.00 %
BSV	137, rue d'Aguesseau	Boulogne	SARL	397552829	100.00 %	100.00 %
Cegedim Activ	114-116, rue d'Aguesseau	Boulogne	SASU	400891586	100.00 %	100.00 %
Cegedim Assurances Conseil	137, rue d'Aguesseau	Boulogne	SASU	849779210	100.00 %	100.00 %
Cegedim Ingénierie	326, rue du Gros Moulin – AMILLY	Montargis	SAS	402338719	100.00 %	100.00 %
Cegedim Cloud	137, rue d'Aguesseau	Boulogne	SASU	790173066	100.00 %	100.00 %
Cegedim Holding Santé	137, rue d'Aguesseau	Boulogne	SARL	348940255	100.00 %	100.00 %
Cegedim Logiciels Médicaux	110-112, rue d'Aguesseau	Boulogne	SAS	353754088	100.00 %	100.00 %
Cegedim Media	17, rue de l'Ancienne Mairie	Boulogne	SARL	602006306	100.00 %	100.00 %
Cegedim Outsourcing	15, rue Paul Dautier	Vélizy	SAS	303529184	100.00 %	100.00 %
Cegedim SRH	137, rue d'Aguesseau	Boulogne	SAS	332665371	100.00 %	100.00 %
Cegedim SRH Montargis	326, rue du Gros Moulin – AMILLY	Montargis	SARL	752466805	100.00 %	100.00 %
Cetip	114, rue d'Aguesseau	Boulogne	SA	410489165	99.88 %	99.88 %
Cosytec	4 rue Jean Rostand	Orsay	SA	379281934	100.00 %	100.00 %
Docavenue	137, rue d'Aguesseau	Boulogne	SASU	841447295	100.00 %	100.00 %
Futuramedia	17, rue de l'Ancienne Mairie	Boulogne	SAS	494625130	100.00 %	100.00 %
GERS	137, rue d'Aguesseau	Boulogne	SASU	521625582	100.00 %	100.00 %
I-Assurances	137, rue d'Aguesseau	Boulogne	SASU	790172225	100.00 %	100.00 %
Incams	114-116, rue d'Aguesseau	Boulogne	SASU	429216351	100.00 %	100.00 %
MedExact	137, rue d'Aguesseau	Boulogne	SAS	432451912	100.00 %	100.00 %
Pharmastock	137, rue d'Aguesseau	Boulogne	SARL	403286446	100.00 %	100.00 %
Resip	17, rue de l'Ancienne Mairie	Boulogne	SARL	332087964	100.00 %	100.00 %
RM Ingénierie	137, rue d'Aguesseau	Boulogne	SAS	327755393	100.00 %	100.00 %
Rue de la Paye	137, rue d'Aguesseau	Boulogne	SAS	431373075	100.00 %	100.00 %
Santestat	137, rue d'Aguesseau	Boulogne	SARL	790172175	100.00 %	100.00 %
SCI Montargis 2000	573, avenue d'Antibes	Montargis	SCI	324215128	68.83 %	68.83 %
Services Premium Santé (sps)	100, rue des Fougères	Lyon	SAS	513188771	40.00 %	40.00 %
Smart RX	137, rue d'Aguesseau	Boulogne	SAS	789997871	100.00 %	100.00 %

4.1.2 INTERNATIONAL FULLY CONSOLIDATED COMPANIES

These entities are consolidated on the basis of their individual financial statements (no grouping of entities).

Company	Corporate offices	Country	City	Legal form	% of control	% owned
Activus Ltd	The Bread Factory, 1A Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Adaptive Apps	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Alliadis Europe Ltd	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Bluebay Medical Systems Ltd	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Cegedim Belgium	Route de Lennik,	Belgium	Anderlecht	SA	99.97 %	99.97 %
Cegedim Customer Information SRL	20 Modrogan St., Floor 3	Romania	Bucharest	Limited liability company - SRL	100.00 %	100.00 %
Cegedim Data Services Limited	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Cegedim Egypte	44, Sector 1 City Center, North 90th Street, 5th settlement	Egypt	Cairo	Limited Liability Company	100.00 %	100.00 %
Cegedim Europe Holdings Limited	3/4 Pembroke Street Upper	Ireland	Dublin	Limited Liability Company	100.00 %	100.00 %
Cegedim GMBH	Carl-Reuther Str. 1	Germany	Mannheim	Limited liability company	100.00 %	100.00 %
Cegedim Holdings Ireland Limited	3/4 Pembroke Street Upper	Ireland	Dublin	Private Limited Company	100.00 %	100.00 %
Cegedim Internal Services Limited	3/4 Pembroke Street Upper	Ireland	Dublin	Private Limited Company	100.00 %	100.00 %
Cegedim Maroc	Arribat Center, Avenue Omar Ibn Al Khattab Immeuble D and E, 2nd floor	Morocco	Rabat	SARL	100.00 %	100.00 %
Cegedim Outsourcing Maroc	36 avenue Abdelmoumen – Hassan	Morocco	Rabat	SARL	100.00 %	100.00 %
Cegedim RX Limited	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Cegedim RX SRL	20 Modrogan St., Floor 2 011826 Bucharest-District 1	Romania	Bucharest	Limited liability company - SRL	100.00 %	100.00 %
Cegedim Service Center SRL	20 Modrogan St., Floor 2, Room N°15	Romania	Bucharest	Limited Liability Company	100.00 %	100.00 %
Cegedim SRH Ltd	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Cegedim SRH SA Switzerland	9 Route des jeunes	Switzerland	Geneva	SA	100.00 %	100.00 %
Cegedim World Internal Services Limited	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
CHS UK Limited	The Bread Factory, 1a Broughton Street London SW8 3QJ	UK	London	Private Limited Company	100.00 %	100.00 %

Compufile Ltd	The Bread Factory, 1a Broughton Street	UK	London	Private Limited Company	100.00 %	100.00 %
Croissance 2006	15, Avenue Albert	Belgium	Brussels	SA	100.00 %	100.00 %
Efficience Technologie SRL	Secteur 2, 42 Route Pipera, 4ième ét Chambre 1. Bucarest	Romania	Bucharest	Limited Liability Company - SRL	100.00 %	100.00 %
Health Data Management Partners	Route de Lennik, 451, 1070 Anderlecht	Belgium	Anderlecht	SA	100.00 %	100.00 %
In Practice Systems Ltd	The Bread Factory, 1a Broughton Street London SW8 3QJ	UK	London	Private Limited Company	100.00 %	100.00 %
INPS Enterprise Solutions Ltd	Grianan House, Gemini Crescent Technology Park, Dundee DD2 1SW	UK	Dundee	Private Limited Company	100.00 %	100.00 %
NetEDI	Unit 9, Kings Court King Street	UK	Leyland	Private Limited Company	100.00 %	100.00 %
OEPO	Route de Lennik, 451-1070 Anderlecht	Belgium	Anderlecht	SA	100.00 %	99.97 %
Pulse System Inc	301 North Cypress, Wichita - Kansas 67226	USA	Wichita	Limited Liability Company	100.00 %	100.00 %
Stacks Consulting e Ingeniera en Software SL	Travessera de Gracia 47-49 - 1° 08021 Barcelona	Spain	Barcelona	Single-Owner Company	100.00 %	100.00 %
Stacks Servicios Technologicos SL	Travessera de Gracia 47-49 - 1° 08021 Barcelona	Spain	Barcelona	Single-Owner Company	100.00 %	100.00 %
Stacks Servicios Technologicos SL Chile Ltda	Avenida Nueva Providencia 2353,Planta 1602, Providencia - Santiago de Chile	Chile	Providencia	Limited Liability Company	100.00 %	100.00 %
Thin GMBH	Carl-Reuther Str. 1, 68305 Mannheim	Germany	Mannheim	Limited liability company	100.00 %	100.00 %
Thin Ltd	The Bread Factory, 1a Broughton Street London SW8 3QJ	UK	London	Private Limited Company	100.00 %	100.00 %
Thin S.R.L	Piazza Belgioioso n. 2	Italy	Milan	Limited liability company	100.00 %	100.00 %
Webstar Health Ltd	The Bread Factory, 1a Broughton Street London SW8 3QJ	UK	London	Private Limited Company	100.00 %	100.00 %
XimantiX Software GMBH	Landsberger Str. 478, 81241 Munchen	Germany	Munich	Limited liability company	100.00 %	100.00 %

4.1.3 FRENCH COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Company	Corporate offices	City	Legal form	Siren #	% of control	% owned
Edipharm	137, rue d'Aguesseau	Boulogne		381819309	20.00 %	20.00 %
Infodisk	Immeuble CPL – Californie 2	Le Lamentin		490029774	34.00 %	34.00 %
Isiakle	4 rue Georges Picquart	Paris		823272588	50.00 %	50.00 %
Pharmazon	101 rue de la gare	Orléans		812610061	28.57 %	28.57 %

4.1.4 INTERNATIONAL COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Company	Corporate offices	City	Legal form	Siren #	% of control	% owned
Healthcare Gateway		UK	Leeds		50.00%	50.00%
Millennium		Italy	Florence		49.22%	49.22%

4.2 Changes in consolidation scope

4.2.1 COMPANIES ENTERING THE CONSOLIDATED SCOPE

Company	% owned at the end of the FY	% owned during the FY	% owned during the previous FY	Consolidation method during the FY	Consolidation method during the previous FY	Comments
BSV	100.00 %	100.00 %	-	FC	-	Acquisition
Cegedim Assurances Conseil	100.00 %	100.00 %	-	FC	-	Creation
Cegedim Europe Holdings Limited	100.00 %	100.00 %	-	FC	-	Creation
Cegedim GMBH	100.00 %	100.00 %	-	FC	-	Creation
Cegedim Internal Services Limited	100.00 %	100.00 %	-	FC	-	Creation
Cosytec	100.00 %	100.00 %	-	FC	-	Acquisition
DDL GMBH	100.00 %	100.00 %	-	FC	-	Acquisition
NetEDI	100.00 %	100.00 %	-	FC	-	Acquisition
Pharmazon	28.57 %	28.57 %	-	EM	-	Acquisition
RDV Médicaux	100.00 %	100.00 %	-	FC	-	Acquisition
Thin GMBH	100.00 %	100.00 %	-	FC	-	Creation
Thin S.R.L	100.00 %	100.00 %	-	FC	-	Creation
XimantiX Software GMBH	100.00 %	100.00 %	-	FC	-	Acquisition

Creation of companies:

In 2019, Cegedim Group created Cegedim Assurances Conseil, Cegedim Europe Holdings Limited, Cegedim GMBH, Cegedim Internal Services Limited, Thin GMBH, and Thin S.R.L.

Acquisitions:

- **Acquisition of XimantiX and DDL in Germany**

On January 21, 2019, Cegedim acquired German company XimantiX. Building on its presence in the digitalization markets in Belgium, France, the UK, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope.

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.

- **Acquisition of RDV Médicaux in France**

On February 20, 2019, Cegedim acquired French company RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system.

RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

- **Acquisition of BSV in France**

On January 31, 2019, Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR), and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

- **Acquisition of Cosytec in France**

In July 2019 Cegedim acquired French company Cosytec, which was founded in 1990 and sells HR and equipment planning software that uses constraint programming technology. Cosytec's offerings will augment Cegedim SRH's product range.

The company's client base is made up of SMEs and large corporations in the media, transportation, and services sectors.

Cosytec generated revenues of €1.3 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

- **Acquisition of NetEDI in UK**

In August 2019, Cegedim acquired UK company NetEDI, a major provider of e-procurement (using the PEPPOL EDI system) and e-invoicing for the UK National Health System. Building on the BSV and Ximantix acquisitions, the addition of NetEDI strengthens Cegedim e-business' ability to work with its clients internationally.

NetEDI generated revenues of €2.8 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

Equity investment:
In 2019, the Cegedim Group acquired a 28.57% shareholding in Pharmazon (a central purchasing unit for pharmacies in France).

4.2.2 COMPANIES LEAVING THE CONSLIDATED SCOPE

Company	% owned at the end of the FY	% owned during the FY	% owned during the previous FY	Consolidation method during the FY	Comments[1]
Cegedim Software	-	-	100.00 %	-	TUP to Cegedim SRH
Cegedim Healthcare Software R&D Limited	-	-	100.00 %	-	Liquidation
DDL GMBH	-	-	100.00 %	-	TUP to XimantiX
RDV Médicaux	-	-	100.00 %	-	TUP to Docavenue

TUP: Universal transfer of assets

4.3 Impact of changes in consolidation scope

4.3. On the balance sheet at the closing date

In thousands of euros	Consolidated before change at 12/31/2019	2019 change	Consolidated after change at 12/31/2019
Goodwill	168,306	24,434	192,740
Other non-current assets (excluding goodwill)	318,371	5,718	324,088
Current assets	276,997	14,788	291,785
Total balance sheet	763,673	44,939	808,613

The figures used do not refer to values upon first-time consolidation, but to the values approved at December 31, 2019.

The impacts of companies consolidated for the first time at the date of acquisition are:

- On the assets side: €11.736 million;
- On the liabilities side: €7.373 million.

The €24 million in goodwill attributable to these changes in the scope of consolidation is a provisional amount: all or some may be allocated to identifiable assets and liabilities within 12 months of the acquisition dates of the relevant businesses.

4.3.2 On the income statement at the closing date

In thousands of euros	Consolidated before change at 12/31/2019	2019 change	Consolidated after change at 12/31/2019
Revenue	495,614	8,131	503,745
Operating income	15,809	283	16,092
Consolidated profit (loss)	2,272	419	2,691

The above figures refer to the creation and acquisition of companies from the date of their first-time consolidation within the Group. Therefore, they are not representative of the full-year impact.

4.3.3 On the cash flow statement at the closing date

In thousands of euros	Consolidated before change at 12/31/2019	2019 change	Consolidated after change at 12/31/2019
Impact of changes in consolidation scope	(52,029)	1,721	(53,750)
Change in cash	(52,029)	1,721	(53,750)

4.3.3 Financing of acquisitions

In 2018, the Group internally financed acquisitions of companies for a total amount of €25,377,000.

Note 5 Segment reporting

5.1 Segment reporting, 2019

Cegedim Group's business is structured around two operational divisions.

The Health insurance, HR and e-services division serves large corporate clients. The division:

- handles all products and services marketed to insurance companies, mutual insurers, personal protection insurers, and insurance brokers, and it covers the entire chain of interactions between these entities and healthcare professionals;
- it also targets companies in any business sector interested in solutions for hosting, outsourcing (HR and payroll management, for example), or electronic data exchanges (Cegedim e-business).

The Healthcare professionals division serves doctors, allied health professionals, pharmacists, and healthcare facilities. The division sells management software, databases, and solutions that help healthcare professionals perform everyday tasks.

The Corporate and others division is the third division and supports the operating divisions.

5.1.1 INCOME STATEMENT ITEMS AT DECEMBER 31, 2019

	In thousands of euros	Health insurance, HR & e-services	Healthcare professionals	Corporate and others	Total 12/31/2019	Total France	Total rest of the world
	Segment revenue						
A	Non-Group revenue	340,527	159,788	3,430	503,745	428,987	74,758
B	Intra-Group revenue	11,628	16,193	47,439	75,259	72,244	3,015
A+B	Revenue	352,155	175,981	50,869	579,004	501,231	77,774
	Segment profit						
C	Recurring operating income(1)	34,540	5,265	(2,708)	37,097		
D	EBITDA(1)	66,640	27,048	7,561	101,248		
C/A	Recurring operating margin(1)	10.1%	3.3%	(79.0)%	7.4%		
D/A	EBITDA(1) margin	19.6%	16.9%	220.5%	20.1%		
	Depreciation and amortization	32 099	21,783	10,270	64,152		

(1) see Section 4.6, Note 2 on alternative performance indicators.

5.1.2 GEOGRAPHICAL BREAKDOWN OF CONSOLIDATED REVENUE AT DECEMBER 31, 2019

In thousands of euros		France	Euro zone excluding France	Pound sterling zone	Rest of the world	12/31/2019
Total	Geographical breakdown	428,987	10,220	49,583	14,956	503,745
	%	85.2 %	2.0 %	9.8 %	3.0 %	100.0 %

5.1.3 BALANCE SHEET ITEMS AT DECEMBER 31, 2019

In thousands of euros	Health insurance, HR & e-services	Healthcare professionals	Corporate and others	Total 12/31/2019	Total France	Total Rest of the world
Segment assets						
Goodwill *(Note 10.1)*	99,193	93,546	-	192,740	115,157	77,583
Intangible fixed assets	77,050	73,248	7,242	157,540	100,730	56,810
Property and equipment	49,247	18,743	31,174	99,164	87,504	11,660
Investments in affiliates (Note 9.2)	119	14,961	-	15,080	4,136	10,944
Net total	225,609	200,499	38,416	464,524	307,527	156,998
Investments during the year (gross values)						
Goodwill (Note 10.1)	22,151	1,656	-	23,806	4,033	19,773
Intangible fixed assets	24,424	23,214	2,044	49,683	34,872	14,811
Property and equipment	11,303	6,048	11,163	28,514	24,146	4,368
Investments in affiliates (Note 9.2)	-	688	-	688	688	-
Gross total	57,878	31,606	13,208	102,691	63,740	38,952
Segment liabilities (1)						
Non-current liabilities						
Provisions for retirement	21,730	9,061	1,459	32,250	32,250	-
Other provisions	370	1,485	-	1,855	1,585	270
Other liabilities	-	-	-	-	-	-
Current liabilities						
Trade payables and related accounts	29,893	16,593	4,159	50,644	39,684	10,960
Tax and social liabilities	67,149	20,963	3,480	91,593	85,057	6,536
Provisions	1,459	4,052	2	5,513	2,895	2,618
Other liabilities	116,271	24,271	757	141,299	132,452	8,847

(1) By default, Cegedim SA's contribution to liabilities is still allocated to the Health insurance, HR & e-services segment, with no segment breakdown.

5.2 Segment reporting, 2018

5.2.1 INCOME STATEMENT ITEMS AT DECEMBER 31, 2018

	In thousands of euros	**Health insurance, HR & e-services**	**Healthcare professionals**	**Corporate and others**	**Continuing activities at 12/31/2018**	**Activities held for sale**	**IFRS 5 restate-ment**	**Total 12/31/2018**	**Total France**	**Total rest of the world**
	Segment revenue									
	Revenue excluding revenue with activities held for sale	307,684	156,184	3,819	467,687	2,031	-	469,717	399,117	70,600
	Revenue with activities held for sale	0	-	1	1	-	(1)	-		
	Revenue with continuing activities	-	-	-	-	35	(35)	-		
A	Non-Group revenue	307,684	156,184	3,820	467,688	2,066	(36)	469,717	399,117	70,600
B	Intra-Group revenue	7,400	11,496	42,800	61,697	-	-	61,697	59,344	2,353
A+B	Revenue	315,083	167,680	46,620	529,384	2,066	(36)	531,414	458,462	72,952
	Segment profit									
C	Recurring operating income(1)	32,502	2,532	(1,978	33,056	686	-	33,742		
D	EBITDA(1)	54,422	18,855	3,495	76,772	686		77,458		
C/A	Recurring operating(1) margin	10.6%	1.6%	(51.8%	7.1%	33.2%		7.2%		
D/A	EBITDA(1) margin	17.7%	12.1%	91.5%	16.4%	33.2%		16.5%		
	Depreciation and amortization	21,920	16,323	5,473	43,716	0		43,716		

(1) see Section 4.6, Note 2 on alternative performance indicators.

5.2.2 GEOGRAPHICAL BREAKDOWN OF CONSOLIDATED REVENUE AT DECEMBER 31, 2018

In thousands of euros		France	Euro zone excluding France	Pound sterling zone	Rest of the world	12/31/2018
Continuing activities	Geographical breakdown	397,088	6,568	46,598	17,434	467,688
	%	85%	1%	10%	4%	100%
Activities sold	Geographical breakdown	2,030	-	-	-	2,030
	%	100%	0%	0%	0%	100%
Total	Geographical breakdown	399,117	6,568	46,598	17,434	469,717
	%	85%	1%	10%	4%	100%

5.2.3 BALANCE SHEET ITEMS AT DECEMBER 31, 2018

In thousands of euros	Health insurance, HR & e-services	Healthcare professionals	Corporate and others	Total 12/31/2018	Total France	Total Rest of the world
Segment assets						
Goodwill (Note 10.1)	77,382	95,642	-	173,024	112,010	61,014
Intangible fixed assets	73,202	77,185	6,322	156,709	92,285	64,424
Property and equipment	16,881	7,155	9,380	33,416	27,034	6,381
Investments in affiliates (Note 9.2)	110	10,376	-	10,486	110	10,376
Net total	167,575	190,357	15,702	373,634	231,439	142,195
Investments during the year (gross values)						
Goodwill (Note 10.1)	6,470	-	-	6,470	6,470	-
Intangible fixed assets	23,779	21,840	2,286	47,905	29,319	18,586
Property and equipment	5,852	1,997	3,127	10,976	8,022	2,955
Investments in affiliates (Note 9.2)	-	-	-	-	-	-
Gross total	36,101	23,837	5,414	65,351	43,810	21,541
Segment liabilities (1)						
Non-current liabilities						
Provisions	15,883	9,441	1,065	26,389	24,978	1,411
Other liabilities	-	15	-	15	-	15
Current liabilities						
Trade payables and related accounts	23,856	15,417	2,500	41,774	30,022	11,751
Tax and social liabilities	63,538	22,066	3,470	89,074	82,803	6,271
Provisions	1,302	1,643	-	2,945	2,357	588
Other liabilities	67,281	25,024	27	92,332	85,017	7,315

(1) By default, Cegedim SA's contribution to liabilities is still allocated to the Health insurance, HR & e-services segment, with no segment breakdown.

Note 6 Assets held for sale, discontinued, or sold

Cegelease and Eurofarmat were definitively sold on February 28, 2018, for a price of €57.5 million, plus reimbursement of the shareholder's loan account, which amounted to €13 million.

In the consolidated income statement presented for comparison, the results of divested operations have been reclassified line by line to the item "Net profit (loss) from activities sold".

The main characteristics of the consolidated income statement at December 31, 2018:

In thousands of euros	12/31/2018
Revenue	2,066
Purchases used	2
External expenses	(685)
Taxes	(231)
Payroll costs	(417)
Allowances to and reversals of provisions	(43)
Change in inventories of products in progress and finished products	-
Other operating income and expenses	(6)
EBITDA(1)	686
Depreciation and amortization	0
Recurring operating income(1)	**686**
Amortization of goodwill	-
Non-recurring operating income and expenses(1)	-
Other non-recurring operating income and expenses(1)	-
Operating income	686
Cost of net financial debt	52
Gain on disposal	(106)
Income taxes	-
Deferred income taxes	713
Share of net profit (loss) for the period of equity method companies	-
Net profit (loss) from activities sold	1,345

(1) see Section 4.6, Note 2 on alternative performance indicators.

6.1 Cash flow from discontinued operations

In thousands of euros	12/31/2018
Net cash flow from operating activities	(5,145)
Net cash flow from investing activities	13,892)
Net cash flow from financing activities	(13,073)

Note 7 Operating data

7.1 Revenue

Cegedim Group's revenues consist primarily of:

- sales of services delivered using software developed and hosted by the Group or based on the databases built and still owned by the Group,
- sales of software under ad hoc licenses,
- and, to a lesser extent, hardware sales.

Revenue breakdown

Revenues are analyzed into two main client categories and one subsidiary category.

- Services for businesses operating in the **healthcare insurance, human resources and e-services** sector (68% of consolidated revenues in 2019).
  These are large corporate accounts, such as insurers, mutuals, personal protection insurers, and other industry partners (pharmaceutical companies, public utilities in the distribution and services sectors, etc.), requiring solutions to the human resources management and data interchange needs.
- Services for **healthcare professionals** (32% of consolidated revenues in 2019.

  These services cater directly to the needs of healthcare professionals, including primary care physicians and specialists, and allied health professionals (physical therapists, nurses, podiatrists, etc.) working in private practice or at multidisciplinary health centers and healthcare facilities, as well as pharmacists working either individually or in consortiums.

  These may be single-person or mid-sized entities.
- Certain ancillary services, which are not material in value terms, are also delivered by entities providing support to the rest of the Group (**Corporate and others**: less than 1% of consolidated revenues).

The revenue breakdown required by IFRS 15 is identical to the one provided in our segment reporting. A geographical analysis is also provided based on currencies in which the transactions are denominated. This breakdown largely mirrors our internal reporting, the management report, and our financial press releases and presentations.

Information on services

The services provided in the "**Health insurance, HR and e-services"** segment principally reflect the following performance obligations:

- **consulting and technical engineering services** intended to advise clients and support them through the change management and implementation process that their organizations and technical environments are undergoing; these services generally take place over several weeks or months and represent distinct obligations in their own right.
- **recurring services** linked to the use of data flow or exchange platforms hosted by the Group and made available to clients in SaaS mode or operated for clients on a BPO basis; these services are generally billed on a monthly basis, as and when services are delivered.
- Less commonly, ad hoc services delivered "at a specific point in time" (see examples below).

The services provided in the "**Health professionals**" segment principally reflect the following performance obligations:

- sales of **packaged software** solutions, including maintenance and assistance, giving rise to a **subscription** (smoothed annual billings); this applies generally to all medical professions and pharmacies;
- services providing access to **software in SaaS mode** (monthly billing); this applies to applications hosted by Cegedim, such as the MLM medical practice software and the telemedicine range;
- sales of software in the form of **ad hoc licenses**, firstly, and **annual maintenance and assistance agreements**, secondly (on an ad hoc basis for certain allied health professionals or at pharmacies);
- database **subscriptions** (Claude Bernard database of medicine and healthcare products accessible on healthcare professionals' workstations) and other recurring services (backups, etc.);
- **hardware** sales (workstations, printers, cashguard, etc.);
- installation (per diem charge) or technical engineering services, usually never for more than a few days or weeks, at facilities where several health professionals work.

In most cases, the Group recognizes revenue on a **percentage of completion** basis. This applies to:

- technical engineering and consulting projects;
- subscriptions to the Group's databases;
- access to services and software sold in SaaS mode;
- digitized data and flow processing services;
- assistance and maintenance services covering the Group's solutions;
- business process outsourcing (BPO) activities.

Revenues recognized "**at a specific point in time**" consist of:

- the delivery of ad hoc research, which is recognized upon delivery;
- sales of software under ad hoc licenses, which are recognized upon delivery;
- hardware sales and installations, which are recognized once installation has been completed, generally concurrently with delivery;
- training and other ad hoc interventions, which are recognized upon completion of the service.

No material differences were identified between the approach to revenue recognition used in the parent company financial statements and that required under IFRS 15.

Note also that the Group's activities are not affected by the principal-agent issues that can sometimes have a material impact on the consolidated financial statements.

Order book

As regards the consolidated order book, the Cegedim Group decided to apply the practical expedients allowed by the standard. Information is not therefore shown for services under contracts whose expected initial term is less than one year or under contracts in respect of which the performance obligations are recognized under the right to bill method.

Almost all the services delivered by the Group consist of services billed for based on a number of units of work (flows, data, number of protected persons, etc.) or continuous services for which the right to bill is gained as the service is performed (maintenance, subscriptions, sales in SaaS mode, etc.).

The amount of unfilled or partially fulfilled benefit obligations on other types of contracts than those mentioned above is not material and is not shown.

Information on contract assets and liabilities

Contract assets reflect Cegedim's right to consideration in exchange for services in respect of which control has transferred or is being transferred to the client. They specifically arise where revenue is recognized on a percentage of completion basis without there being an immediate right to bill (when billing takes place at completion or based on contract milestones). These assets are shown under trade receivables.

Contract liabilities reflect Cegedim's obligation to perform services for which the client has already transferred consideration. They include advances and payments on account received, as well as prepaid income, including in respect of assistance and maintenance services billed in advance, for which the service delivery period extends beyond the reporting date. These amounts are shown under other liabilities.

The timing difference between performance and payment arising from contract assets and liabilities is less than 12 months in almost all cases. The amounts shown in the opening balance are taken to income over the financial year, and a new estimate is made at the following reporting date.

In thousands of euros	Opening balance	Closing balance
Contract assets	11,362	6,360
Contract liabilities	30,529	35,663

Key accounting principles and judgments

Revenue is recognized based on an analysis of contracts that entail obligations to the Group's clients, divided into five stages in accordance with IFRS 15:

- Identification of the contract with the customer;
- Identification of the distinct performance obligations;
- Determination of the transaction price;
- Allocation of the overall price amongst the performance obligations;
- Recognition of revenue when each performance obligation is satisfied.

Owing to the nature of the services performed by the Group and the typically explicit language in its contracts, this is basically a fact-based analysis and does not rely on judgments or assessments.

7.2 External expenses

In thousands of euros	12/31/2019	12/31/2018
Purchases of studies & services and consumables	(47,038)	(42,181)
External services (leasing, maintenance, insurance)	(23,445)	(36,062)
Other: advertising, seconded personnel, entertainment expenses, postal expenses, etc.	(44,861)	(44,320)
Total external expenses	(115,344)	(122,563)

7.3 Other non-recurring operating income and expenses

The breakdown of other non-recurring operating income and expenses is as follows:

In thousands of euros	12/31/2019	12/31/2018
Recurring operating income	**37,096**	**33,056**
Provision for intangible asset obsolescence	(300)	(6,855)
Sale of activity	(15,963)	(4,095)
Restructuring costs	(4,118)	(5,730)
Other non-recurring income and expenses	(623)	(1,959)
Operating income	**16,092**	**14,416**

The provision for intangible assets covers the acceleration of obsolescence for software owing to the transition to SaaS format. It has caused us to revise amortization schedules and recognize asset impairments, notably in the UK in 2018 (€5.5 million).

The sale of the Pulse Inc. business assets in August 2019 gave rise to a non-recurring loss of €16 million on disposal of the assets sold. In 2018, it reflected costs arising from the sale of Cegelease.

Restructuring costs have to do with operations with an impact on the consolidation scope: acquisitions, mergers, and divestments, whose impact totaled €4 million in 2018. They also cover expenses related to the departure of senior managers and efforts to significantly reorganize the governance at certain businesses and totaled €4 million in 2019 compared with €5 million in 2018.

Other special items include fines, litigation, and the settlement of exceptional transactions. In 2019, they included the €1.7 million gain from the repayment by Tessi.

Each line is presented net of any related positive impacts: write-backs of provisions, exceptional gains, or compensation received.

7.5 Capitalized production

Capitalized production has been reclassified as a reduction of payroll costs and external expenses, as shown in the table below.

In thousands of euros	12/31/2019	12/31/2018
Payroll costs	38,065	35,539
External expenses	9,516	8,885
Capitalized production	47,581	44,424

7.6 Inventory and work in progress

In thousands of euros	Gross values at		Provision		Net values at	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Services in progress	-	77	-	(77)	-	-
Inventories of goods	5,055	3,405	(621)	(736)	4,434	2,670
Total inventories and work in progress	5,055	3,483	(621)	(813)	4,434	2,670

7.7 Trade receivables

In thousands of euros	Current receivables		Non-current receivables		Total receivables	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
French companies	132,647	88,401	-	-	132,647	88,401
Foreign companies	19,859	17,123	-	87	19,859	17,210
Total gross value	**152,506**	**105,524**	**-**	**87**	**152,506**	**105,611**
Provisions	8,520	8,246	-	-	8,520	8,246
Total net value	143,986	97,278	-	87	143,986	97,365

A provision for impairment is recognized if the fair value, based on the probability of collection, is less than the book value. Thus, customers in receivership or liquidation proceedings are routinely impaired at 100%, and receivables more than six months past due are monitored on a case-by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

The Group began applying the new IFRS 9 impairment model on January 1, 2018, meaning that it immediately records expected losses for all its receivables. Given the types of clients the Group deals with, the new model has had no material impacts.

The share of past-due receivables (gross amount) was €312 million at December 31, 2019.

AGED BALANCE

In thousands of euros	Total trade receivables due	Receivables	Total trade receivables due	Receivables	Total trade receivables due	Receivables > 4 months
French companies	25,663	7,146	5,779	2,450	601	9,687
Foreign companies	5,373	1,616	484	603	1,061	1,609
Total (gross value)	31,036	8,762	6,263	3,053	1,662	11,295

7.8 Other receivables

In thousands of euros	Social security receivables		Tax receivables		Other receivables[1]		Total other receivables	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current receivables								
French companies	332	382	13,156	17,305	84,847	13,018	98,336	30,705
Foreign companies	243	270	2,949	2,177	210	166	3,402	2,613
Total gross value	575	651	16,105	19,482	85,058	13,185	101,738	33,318
Provisions	-	-	-	-	54	-	54	-
Total current receivables (net values)	575	651	16,105	19,482	85,004	13,185	101,684	33,318
Non-current receivables								
French companies								
Foreign companies								
Total gross value	-	-	-	-	-	-	-	-
Provisions								
Total non-current receivables (net value)	-	-	-	-	-	-	-	-

(1) The item "Other receivables " includes the amounts managed on behalf of mutuals and insurers in the context of delegated management contracts entered into with the Group for €66 million.

7.9 Other liabilities

In thousands of euros	Current		Non-current		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Advances and payment on account	274	297	-	-	274	297
Clients – unissued credits	-	-	-	-	-	-
Expenses payable	-	-	-	-	-	-
Miscellaneous payables[1]	105,632	61,799	-	-	105,632	61,799
Other liabilities	105,632	61,799	-	-	105,632	61,799
Debts on acquisition of assets	4	4	-	15	4	19
Dividends payable	-	-	-	-	-	-
Deferred income	35,390	30,232	-	-	35,390	30,232
Total other liabilities	**141,299**	**92,332**	**-**	**15**	**141,299**	**92,347**

(1) The item "Miscellaneous payables " includes the amounts managed on behalf of mutuals and insurers in the context of delegated management contracts entered into with the Group for €66 million.

7.10 Current and non-current provisions

Provisions are based on estimated future costs for the Company. Estimates are based on internal information, experience and, in some cases, discussions with consultants. They also take into account contractually defined liability caps and insurance policies. Decisions whether to earmark a provision and in what amount are based on case-by-case risk assessments, management's view of whether the litigation will have a favorable outcome, and the Company's ability to reliably estimate the amount in question.

Current provisions pertain to employee litigation and risks expected to reach a conclusion in the coming year. Non-current provisions include risks likely to persist beyond the coming year.

The largest provisions relate to litigation with former employees, which amounted to €2.9 million at the end of 2019 compared with €2.4 million at the end of 2018.

A restructuring provision of €2.2 million[1] was recorded at the end of 2019 to cover the costs of liquidating the Pulse Inc. subsidiary in the US, whose principal assets had been sold in August 2019. This provision mainly covered the remaining duration of property leases.

An earlier commercial lawsuit involving the Pulse subsidiary was settled during the year and gave rise to a €1.1 million reversal[2].

The other amounts involved are insignificant if taken individually.

In thousands of euros	12/31/2018	Reclass-ification	Change in consolidation scope	Additional provision allowances	New provision allowances	Reversals of provisions used	Reversals of unused provisions	Change in rate	12/31/2019
Provisions for employee litigation	2,357	-	-	105	845	(184)	(229)	-	2,895
Provisions for restructuring	588	-	-	-	2,233[1]	(207)	-	4	2,618
Current provisions	2,945	-	-	105	3,078	(391)	(229)	4	5,513
Provisions for litigation	1,403	-	-	-	-	(1,161)[2]	(268)	32	6
Other provisions for risks	582	-	-	-	519	(75)	(128)	1	900
Other provisions for expenses	796	-	-	389	475	-	(711)	-	950
Non-current provisions	2,781	-	-	389	995	(1,236)	(1,106)	33	1,855
Total current and non-current provisions	**5,726**	-	-	494	4,073	(1,627)	(1,335)	37	**7,368**

7.11 Provisions, Contingent Liabilities, and Contingent Assets

- **Euris litigation**

On December 17, 2018, the Paris Commercial Court granted Cegedim's request. IQVIA has appealed that decision.

- **Tax**

On February 21, 2018, Cegedim SA received official notice that the French tax authorities planned to perform an audit of its financial statements for the period from January 1, 2015, to December 31, 2016. The Group received the statement of tax adjustment on April 16, 2019. Cegedim replied on June 14, 2019, and based on its reply, the tax authorities rescinded the first proposal and made a second proposal on September 9, 2019. After reviewing Cegedim's response, the authorities notified the Group in a letter dated February 25, 2020, that it would make no changes to the adjustment. After consultation with its lawyers and based on ample precedent, the Group still believes that the adjustment is unwarranted and has appealed the decision to a higher administrative authority The maximum tax liability Cegedim faces as a result of the current audit is €9 million. Cegedim believes that there is little risk with respect to this amount or to the amount of deferred tax assets recorded on its balance sheet.

Note 8 Personnel costs and employee benefits

8.1 Employee costs

In thousands of euros	12/31/2019	12/31/2018
Payroll costs	(242,548)	(224,617)
Profit-sharing and incentives	(6,710)	(5,172)
Free share award plan	(256)	282)
Provisions for employee litigation	(222)	(371)
Personnel costs	(249,736)	(229,878)

8.2 Award of free shares

The Board of Directors acted on June 21, 2017, on the authorization given by the Extraordinary Shareholders' Meeting of November 16, 2015, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The Board of Directors acted on June 28, 2018, on the authorization given by the Extraordinary Shareholders' Meeting of June 19, 2018, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The Board of Directors acted on January 29, 2019, on the authorization given by the Extraordinary Shareholders' Meeting of June 19, 2018, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The main characteristics of these plans are as follows:

- The free shares awarded will carry the right to receive dividends, payment of which has been decided upon at their date of grant.
- The plan dated January 28, 2016, authorized a maximum award of 28,038 free shares.
- The plan dated June 21, 2017, authorized a maximum award of 19,540 free shares.
- The plan dated June 28, 2018, authorized a maximum award of 21,790 free shares.
- The plan dated January 29, 2019, authorized a maximum award of 22,190 free shares.
- For the 2016, 2017, and 2018 plans, the award of these shares to grantees will become final after a vesting period of two years for grantees whose residence for tax purposes is in France at the award date, and of three years for grantees whose residence for tax purposes is not in France at the award date.
- The shares will be permanently awarded to grantees subject to a single condition: no resignation, dismissal, or layoff.
- Effective the final award date, grantees whose residence for tax purposes is in France at the award date must hold their shares for a lock-up period of one year.

In application of IFRS 2, the expense measuring "the benefit" offered to employees is spread out on a linear basis over the beneficiaries' vesting period.

The expense recorded in respect of the fiscal year is approximately €256,000 (+€73,000 for the 2016 plan, +€189,000 for the 2017 plan, -€313,000 for the 2018 plan, and -€205,000 for the 2019 plan).

The main characteristics of the plans are as follows:

Plan dated:	28/01/2017	21/06/2018	28/06/2019
Date of the General Meeting	11/16/2015	06/19/2018	06/19/2018
Date of the Board meeting	06/21/2017	06/28/2018	01/29/2019
Date of Date of plan opening	06/21/2017	06/28/2018	01/29/2019
Total number of shares that can be awarded	19,540	21,790	22,190
Initial subscription price	€29.02	€34.20	€23.50
Vesting date, France	06/21/2019	06/28/2020	01/29/2021
Vesting date, Foreign	06/21/2020	06/28/2021	01/29/2022

POSITION OF PLAN AS AT DECEMBER 31, 2019

Plan dated:	28/01/2017	21/06/2018	28/06/2019
Total number of shares awarded	2,897	17,416	21,990
Total number of shares left to be acquired	0	0	0
Adjusted acquisition price of free share award for France	€28.17	€33.20	€22.81
Adjusted acquisition price of free share award for Foreign	€24.67	€29.07	€19.98

8.3 Workforce

	12/31/2019	12/31/2018
France	3,364	3,051
International	1,582	1,511
Number of employees	4,946	4,562

8.4 Management compensation

Directors' fees paid to Board members came to €161,000 at December 31, 2019, and are recorded in the "Other purchases and external expenses" line of the income statement. In compliance with the IAS 24 standard, Cegedim's "key managers" correspond to members of the Board of Directors with direct or indirect authority and responsibility for planning, managing and controlling Cegedim's activities, and those of any of the Group's companies. In accordance with IAS 24.17, in-kind benefits are recorded on the "Short-term benefits" line.

In thousands of euros – gross amounts	12/31/2019	12/31/2018
Short-term benefits (wages, bonuses, etc.)	2,587	2,207
Post-employment benefits	None	None
Severance pay	None	None
Other long-term benefits	None	None
Benefits recognized	2,587	2,207
Termination benefits	None	None
Benefits not recognized	None	None

The short-term benefits include the variable and fixed portions of managers' compensation.

Note 9 Investments in affiliates

9.1 Value of shares in equity method companies

Company	% owned at 12/31/2019	Profit (loss) at 12/31/2019	Group share of profit (loss) at 12/31/2019	Net share-holders' equity at 12/31/2019	Group share of total net share-holders' equity at 12/31/2019	Goodwill	Provision for risks	Leaving the scope	Net value of investments in affiliates at 12/31/2019
Edipharm	20.00%	387	77	470	94				94
Isiakle	50.00%	-	-	50	25				25
Pharmazon	28.57%	60	17	2,470	706	3,312			4,017
Millennium	49.22%	3,041	1,497	16,046	7,898	2,859			10,756
Healthcare Gateway	50.00%	1,691	845	376	188				188
Group share of investments in affiliates contributing to operating income		5,179	2,437	19,412	8,910	6,170	-	-	15,080
Infodisk	34.00%	(24)	(8)	(701)	(238)		238		-
Total as of 12/31/2019		5,155	2,429	18,711	8,672	6,170	238	-	15,080

9.2 Change in the value of investments in equity method companies

The change in value of investments in equity method companies was as follows:

In thousands of euros	
Investments in affiliates at 01/01/2019	10,486
Distribution of dividend	(1,844)
Capital increase	
Share of profit (loss) at 12/31/2019	2,429
Goodwill	3,312
Provision for risk	2
Unrealized exchange gains / losses	8
Removal	688
Total	15,080

The group share of income from equity method companies contributed to the consolidated operating result as follows:

- Health insurance, HR and e-services division: Edipharm and Isiakle.
- Healthcare professionals division: Millennium, Pharmazon and Healthcare Gateway.

Note 10 Intangible, tangible, and financial assets

10.1 Goodwill

At December 31, 2019, net goodwill amounted to €193 million, compared with €173 million at December 31, 2018. Of this €23 million increase, €24 million was attributable to the acquisitions completed during the financial year, offset by a €4 million adjustment to goodwill in relation to disposals and allocations to other identifiable assets net of currency effects.

Acquisitions made in 2019 include BSV (France), Ximantix (Germany), and Net EDI (United Kingdom) in the fields of electronic document management and e-business, plus Cosytech (France) with its constraint programming-based software solutions and RDV Médicaux (France), the online appointment booking website. (See also the highlights of the fiscal year.)

The Group is allocating goodwill from these acquisitions over a period of 12 months from the date of purchase, ensuring that it conducts measurements with the appropriate objectivity. In practice, these allocations are made towards the final deadlines.

IAS 36.90 states that a group of CGUs (cash-generating units) to which goodwill has been allocated must be tested for impairment at least annually and whenever impairment is indicated. This impairment is defined as the difference between the recoverable amount of the group of CGUs and its book value. Recoverable amount is defined (under IAS 36.18) as the higher of the fair value of the asset less costs of disposal, and the value in use of the asset (estimated future cash flows to be realized from the asset).

Impairment tests aim to verify that the book value of assets essential to the operation of the business and allocated to each of the group of CGUs (including goodwill) does not exceed the recoverable amount of those assets.

Impairment tests were carried out as part of the 2019 accounts closing for both of the Group's operational CGUs, pro forma with the previous financial year close.

The recoverable amount retained is the value in use of the assets tested.

These tests did not result in the recognition of any impairment loss.

The tests consisted of updating the main assumptions used to appraise the assets allocated to the Group's CGUs. These tests verify not only the value of the goodwill (€196 million) but also that of all assets essential to the operation of the business and allocated to the group of CGUs (i.e. €389 million tested at the end of 2019).

Pursuant to the transitional arrangements intended to reflect the impact of IFRS 16 on impairment testing, the assets tested at the level of the groups of CGUs reflect the amount of the right-of-use assets and corresponding lease liabilities (net impact of negative €1.8 million). The discounted cash flows anticipated for these groups of CGUs continue to include lease expenses.

As in previous years, the Group hired an independent firm to help define the key rate parameters used in these tests.

The following trends have been factored into the units' business plans:

- The plans of the Health insurance, HR & e-services CGU, whose expected cash flows over the 2020-2022 period were confirmed, were generally extended by extrapolating recent growth trends, and by integrating the recent acquisitions.
- Plans for the Healthcare professionals group of CGUs, which delivered a highly satisfactory 2019 performance, were reviewed to factor in the withdrawal from the United States following the disposal of Pulse's activities and the ramp-up in the new offerings under development in Europe (including telemedicine and the Group's next-generation software).
- The five-year plans for each of the two groups of CGUs reflect market share gains by new products and services, the increasing share of recurring business activities as a result of the SaaS model, and the growth in BPO activity, which has a positive effect on operating margins. In the Healthcare professionals CGU, the plan assumes that software products that were launched recently or are expected to launch in 2020 will arrive on the market with the full range of expected features and with no delay and will meet their targets for market penetration, particularly in the UK. As a result, the necessary resources have been assigned to planning successful product development, and the roll-outs are being closely monitored, with client satisfaction as the top priority.
- The revenue growth assumptions used for the five years between 2019 and 2024 average 6.2% for the Health insurance, HR and e-services businesses, and 6.4% for the Healthcare professionals activities.
- Perpetual growth rate estimates have remained unchanged since the close of 2015.

The sensitivity of tests was measured for both groups of CGUs by studying the impact of changes in all the key financial (discount rate, growth rate) and operational parameters (uncertainties concerning achievement of margins, tested over different time horizons). Specifically:

- a change in the discount rate of +/- 50 basis points;
- a change in the perpetual growth rate of +/- 50 basis points;
- the possibility of a temporary margin reduction during the second and third years of the plan (50% reduction);
- the possibility of a prolonged margin reduction (average terminal margin reduced by around 180 basis points).

These sensitivity calculations would not result in any goodwill impairment for the Health insurance, HR and e-services CGU or for the Healthcare professionals CGU. An impairment of no more than 5% of total tested assets would become necessary if there was a lasting decline in margins.

Group of CGU	12/31/2018	Reclassification	Goodwill allocation	Deferred tax on allocation	Scope	Impairment	Translation gains or losses and other changes	12/31/2019
Health insurance, HR & e-services	77,382	-	(586)	-	18,839	(300)	547	95,882
Healthcare professionals	95,642	-	-	-	2,235	(2,500)	1,480	96,858
Corporate and others	-	-	-	-	-	-	-	-
Total goodwill	173,024	-	(586)	-	21,075	(2,800)	2,028	192,740

(1) see note 10.2 "Intangible fixed assets"
(2)) see note 15.1.3 "Deferred tax assets and liabilities"

	12/31/2019	12/31/2018
Discount rate before tax	8.90 %	8.90 %
Perpetual growth rate		
Health insurance, HR & e-services	*1.75%*	*1.75 %*
Healthcare professionals	*1.50%*	*1.50 %*

10.2 Intangible fixed assets

In thousands of euros	12/31/2018	Reclassification and correction brought forward	Acquisitions	Change in scope	Decrease	Change in rates	12/31/2019
Development costs	13,103	(7,817)	12,883	3,068	-	723	21,960
Internal software[1]	328,939	8,030	34,697	(4,049)	(44,428)	3,710	326,900
Other intangible assets[2]	72,193	365	2,102	1,900	(9,114)	545	67,991
Total gross value	414,235	578	49,683	920	(53,542)	4,978	416,851
Amortization and impairment of internal software	204,154	(180)	16,389	11	(17,338)	1,632	204,678
Amortization and impairment of other intangible assets[2]	53,373	(67)	5,579	830	(5,322)	240	54,633
Total amortization	257,527	(247)	21,977	841	(22,660)	1,872	259,310
Total impairment							
Total intangible assets, net values	**156,709**	**825**	**27,706**	**79**	**(30,882)**	**3,106**	**157,540**

(1) The average amortization period for software developed internally and currently in use is 5 to 8 years
(2) This line mainly consists of acquired software
(3) Of which €825, 000 in allocation of goodwill

10.3 Tangible assets

In thousands of euros	31/12/2018	Reclassification and correction brought forward	IFRS 16	Acquisitions	Change in scope	Decrease	Change in rates	12/31/2019
Land	544	-	-	-	-	-	-	544
Buildings	10,265	-	-	-	-	-	18	10,282
Other property and equipment:	89,142	(375)	-	11,645	505	(8,108)	751	93,559
Tech installations, materials and tools	*70,959*	*(161)*	-	*9,833*	*271*	*(5,989)*	*410*	*75,322*
Others	*18,182*	*(213)*	-	*1,811*	*234*	*(2,119)*	*339*	*18,237*
Right-of-use:	-	-	67,160	16,707	1,015	(7,222)	163	77,822
Buildings	-	-	*63,678*	*13,704*	*995*	*(6,991)*	*141*	*71,527*
Others tangible assets	-	-	*3,482*	*3,003*	*20*	*(231)*	*22*	*6,296*
Construction work in progress & advances and deposits on tangible assets	9	(10)	-	162	-	-	-	163
Total gross value	99,961	(385)	67,160	28,514	1,520	(15,330)	930	182,369
Impairment of land	*0*	-	-	-	-	-	-	-
Depreciation of buildings	6,711	-	-	599	-	-	13	7,323
Depreciation of other property and equipment:	59,834	(385)	-	9,726	327	(7,538)	633	62,598
Depreciation of tech installations, materials and tools	*46,925*	*(266)*	-	*7,979*	*118*	*(5,400)*	*326*	*49,684*
Other depreciation	*12,909*	*(119)*	-	*1,747*	*209*	*(2,138)*	*307*	*12,915*
Depreciation of right-of-use assets:	-	-	-	15,753	62	(2,549)	18	13,285
Buildings	-	-	-	*14,336*	*62*	*(2,455)*	*14*	*11,958*
Other tangible assets	-	-	-	*1,418*	-	*(94)*	*4*	*1,327*
Total depreciation	66,545	(385)	-	26,078	390	(10,087)	664	83,206
Total tangible assets, net values	**33,416**	**-**	**67,160**	**2,435**	**1,129**	**(5,243)**	**265**	**99,164**

10.4 Financial assets (excluding investments in equity method companies)

In thousands of euros	12/31/2018	Reclassifi-cation	Acquisitions / provisions	Change in scope	Reduction / Reversals	Change in rate	132/31/2019
Equity investments [1]	1,214						1,214
Loans [2]	13,425		584	8			14,017
Security deposits	6,036		4,740	23	(6,218)	4	4,585
Other financial assets	321				(288)	6	40
Total gross values	20,995		5,324	31	(6,505)	11	19,855
Provisions for equity investments	39		39			(1)	79
Provisions on other financial assets	39		39	-	-	(1)	79
Total provisions	**20,957**		**5,285**	**31**	**(6,505)**	**10**	**19,777**

(1) Information on non-consolidated companies
(2) Loan of €9 million to Isaklé as part of a BPO contract

Subsidiary	Share capital	Shareholders' equity other than share capital	% of control	Book value of shares owned, gross value	Provision for amortization of shares	Net value of shares owned	Revenue excluding tax	Profit (loss) for the period	Dividends received
CEIDO [(1)]	167	1,374	15.00%	300	-	300	1,724	77	10
Netfective Technology	626	20,839	5.22%	899	-	899	7,807	1,972	-
NEX & COM [(2)]	500	252	20.00%	13	-	13	2,232	-	-
Resodom	10	n.d.	10.00%	1	-	1	n.d.	n.d.	n.d.
Total non-consolidated equity investments				1,213	-	1,213	11,763	2,049	10

(1) 2018 revenue, profit, equity

(2) Not disclosed; for guidance purposes, 2015 revenues stood at c.€2,232,000

These are shares in unlisted companies which the Group doesn't control.

Note 11 Financing and financial instruments

11.1 Net financial debt

In thousands of euros	12/31/2019			12/31/2018		
	Financial	Miscellaneous[1]	Total	Financial	Miscellaneous[1]	Total
Long-term borrowings and financial liabilities (> 5 years)	189,373	-	189,373	179,283	-	179,283
Medium-term borrowings and financial liabilities (> 1 year, < 5 years)	156	6,165	6,321	425	6,137	6,562
Non-current financial debt excluding IFRS 16 debt	189,529	6,165	195,694	179,708	6,137	185,845
Short-term borrowings and financial liabilities (< 1 year)	11,380	2,581	13,961	1,519	1,692	3,211
Current bank loans	-	-	-	-	-	-
Current financial debt excluding IFRS 16 debt	11,380	2,581	13,961	1,519	1,692	3,211
Total financial liabilities	200,909	8,746	209,655	181,227	7,829	189,056
Positive cash	29,059	-	29,059	81,091	-	81,091
Net financial debt excluding IFRS 16	**171,850**	**8,746**	**180,596**	**100,136**	**7,829**	**107,965**
Non-current IFRS 16 debt	52,413	-	52,413	-	-	-
Current IFRS 16 debt	13,507	-	13,507	-	-	-
Net financial debt	**237,770**	**8,746**	**246,516**	**100,136**	**7,829**	**107,965**

(1) The miscellaneous items include employee profit-sharing plans in the amount of c.€6,524,000 in 2019 and c.€6,420,000 in 2018.

Net cash

In thousands of euros	12/31/2019	12/31/2018
Current bank loans	-	-
Positive cash	29,059	81,091
Net cash	29,059	81,091

Statement of changes in net debt

In thousands of euros		12/31/2019	12/31/2018
Net debt at the beginning of the financial year	A	107,965	236,151
Operating cash flow before cost of net debt and taxes		(95,906)	(62,089)
Tax paid		2,190	2,943
Change in working capital requirement		64,455	(64,436)
Net cash flow from operating activities		(29,261)	(123,582)
Change from investing activities		52,893	63,922
Impact of changes in consolidation scope		25,378	(64,553)
Dividends		(1,883)	(2,647)
Capital increase in cash		-	-
Impact of changes in foreign currency exchange rates		(253)	(72)
Interest paid on loans		5,237	2,360
Other financial income and expenses paid or received and interest on lease obligations		2,696	(641)
IFRS 16		82,227	-
Other changes		(564)	1,130
Total net change for the period	B	136,469	(124,083
Impact of companies consolidated for the first time	C	2,082	222
Impact of companies sold	D	-	(4,325)
Net debt at the end of the period	A+B+C+D	246,516	107,965

The banks loans have the following terms:

In thousands of euros	Less than 1 month	> 1 year < 5 years	Over 5 years
Euribor 1 month rate	11,380	156	189,373
Total	11,380	156	189,373

INTEREST RATE HEDGES

In thousands of euros

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2020 annual flow	2021 annual flow
12/31/2019	06/30/2020	50,000	0.268%			(68)	
06/30/2020	12/31/2020	50,000	0.268%			(68)	
12/31/2020	02/26/2021	50,000	0.268%				(21)
Payer leg						(136)	(21)

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2020 annual flow	2021 annual flow
12/31/2019	06/30/2020	50,000		EUR 1 M	0%		
06/30/2020	12/31/2020	50,000		EUR 1 M	0%		
12/31/2020	02/26/2021	50,000		EUR 1 M	0%		
Receiver leg							

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2020 annual flow	2021 annual flow
12/31/2019	06/30/2020	30,000	0.275%			(42)	
06/30/2020	12/31/2020	30,000	0.275%			(42)	
Payer leg						(84)	0

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2020 annual flow	2021 annual flow
12/31/2019	06/30/2020	30,000		EUR 1 M			
06/30/2020	12/31/2020	30,000		EUR 1 M			
Receiver leg							

Financing

In May 2007, Cegedim borrowed €50.0 million, the FCB Loan, from its largest shareholder, FCB. During the December 2009 capital increase, FCB subscribed for €4.9 million equivalent in shares as a redemption of a portion of the debt, which decreased the balance of the FCB Loan to €45.1 million. On October 9, 2018, the FCB Loan was amended in order to subordinate it to the €135 million Euro PP bond and to the €65 million new bank revolving credit, to extend the maturity date, and to modify the applicable interest rate.

On October 8, 2018, Cegedim issued a private placement Euro PP maturing on October 8, 2025, for an amount of €135 million.

On October 9, 2018, the Group arranged a bank revolving credit facility (RCF) of €65 million maturing on October 9, 2023, with a one-year extension option. *Cegedim asked to exercise the extension option in December 2019 and the banks agreed. The RCF maturity date is now October 9, 2024.*

The entire €200 million RCF was redeemed early on October 9, 2018, i.e. €115 million.

At December 31, 2019, the debt was structured in the following manner:

- €135 million Euro PP maturing on October 8, 2025;
- €65 million revolving credit, of which €20 million was drawn, maturing on October 9, 2023;
- €45.1 million FCB Loan maturing on November 20, 2025;
- €24.0 million overdraft facility, of which €0.0 million was drawn.

Group debt increased by €66 million owing to the initial application of IFRS 16. The debt consists almost entirely of real estate leases. As of December 31, 2019, the Group's cash position was negatively affected by a €22.4 million downward adjustment to client advances at the health insurance BPO business, of which €(0.5) million was classified as "Other current receivables" to reflect the specific terms of a significant contract.

It worth noting that liquid assets include €22.9 million of commitments related to the health insurance BPO activity (outsourced management of health benefit payments).

Exposure of the debt to fluctuations in euro interest rates has been partially hedged by a euro rate hedge.

As of December 31, 2019, the Group's hedging against euro interest rate movements consists of two zero-premium swaps in which it receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, starting on February 28, 2017, and maturing February 26, 2021.
- 0.2750% for a notional amount of €30 million, starting on May 31, 2017, and maturing December 31, 2020.

The notional amount hedged at December 31, 2019, is €80.0 million.

Interest expense on bank loans, bonds, charges, and commissions totaled €0.5 million at December 31, 2019.

Interest on the shareholder loan at December 31, 2019, amounted to €1.3 million.

The change in the fair value of these derivatives was recognized in equity in respect of the effective portion of those eligible as cash flow hedges (€0.01 million) and in profit or loss in respect of the ineffective portion and the related counterparty risk taken into account in accordance with IFRS 13 (amount not significant). The fair value of hedging instruments at the closing date amounts to €0.2 million.

11.2 Cost of net debt

In thousands of euros	12/31/2019	12/31/2018
Income or cash equivalent	93	1,154
Interest paid on borrowings	(5,237)	(2,360)
Accrued interest on borrowings	(4)	(1,110)
Interest on financial liabilities	(5,241)	(3,469)
Other interest and financial expenses(1)	(2,148)	(3,573)
Interest paid on lease liabilities	(1,416)	-
Cost of gross financial debt	(8,805)	(7,041)
Net foreign exchange gains and losses	(283)	(150)
Valuation of financial instruments	151	156
Other non-cash financial income and expenses	272	(83)
Other financial income and expenses	140	(77)
Cost of net financial debt	**(8,572)**	**(5,964)**

In thousands of euros	12/31/2019	12/31/2018
(1) Including FCB interest	(1,308)	(1,481)
Interest on employee profit sharing	(384)	(393)
Total	(1,692)	(1,874)

11.3 Risk management

The main financial risks identified are as follows:

INTEREST RATE RISK

To limit the effects of rising interest rates on its financing costs, the Group has decided to implement a risk hedging policy to lock in a maximum annual rate of borrowing for one year. Only Cegedim SA hedges borrowings as necessary. The total notional amount hedged was €80 million at December 31, 2019. The amount of borrowings exposed to interest rate risk was €0 million at December 31, 2018, as the whole Revolving Credit Facility and the FCB loan are at variable interest rates. However, the revolving credit facility is drawn up to €20 million, so the principal hedged amount is €70.1 million.

EXCHANGE RATE RISK

The foreign currencies representing a significant percentage of consolidated revenues are the pound sterling (10.0%) and the dollar (2.4%). The Group does not have an established policy for currency hedging. This leaves the Group potentially exposed to a more or less significant exchange rate risk depending on the year. The table below shows the balance sheet's sensitivity to exchange rate risk:

In thousands of euros	GBP	USD
Total balance sheet	1,100	24
Off-balance-sheet position	-	-
Net position after hedging	1,100	24

This table allows the loss risk on the net global foreign currency position to be calculated on the assumption of a uniformly adverse change of 1% in the currency used to prepare financial statements against all other foreign currencies involved. For illustration purposes, the impact of a uniformly adverse change of 1% in the euro-pound sterling exchange rate on the financial statements of subsidiaries whose functional currency for financial statements is the GBP would have a negative impact of approximately €687,000 on Group shareholders' equity.

Assuming the revenue/costs structure remains similar, any appreciation in the euro against the pound sterling would reduce earnings expressed in euros. Based on the 2018 fiscal year, if all other currencies remain at the same level against the pound sterling, a theoretical 1% appreciation in the euro against the pound sterling would have a negative impact of €491,000 on Cegedim's revenue and €20,000 on its recurring operating income.

Currency effects had a total negative impact of €690,000 on revenue in 2019, of which €430,000 was due to the US dollar and €394,000 to the pound sterling.

The impact of currency fluctuations on revenue is determined by recalculating 2018 revenue based on 2019 exchange rates. The currency exchange rates used are the average rates over the fiscal year.

LIQUIDITY RISK

The Group has carried out a specific review of its liquidity risk and considers that it is able to meet its future maturities.

Contractual cash flows are not discounted.

When the rate is fixed, the rate is used to calculate future interest payments.

CASH FLOW

In thousands of euros	Less than 1 month	> 1 month < 6 months	> 6 months < 1 year	> 1 year < 5 years	Over 5 years
Bank loans and interest			17,416	29,101	190,94
Hedging instruments					(721)
Current bank loans					
Leasing			96		
Earn-out			30	163	
Employee profit-sharingr			1,454	5,306	
Employee profit-sharing payable			1,000		
Miscellaneous including security deposits				697	

CASH FLOW PROJECTIONS ON FINANCIAL INSTRUMENTS

Assumptions: variable rates EUR 1 month as of December 31, 2019: 0

In thousands of euros	Rate	2020	2021	Total
Borrower EUR rate swaps				
Fixed rate paid	0.268%	(136)	(21)	(157)
Variable rate received		-	-	-
LT swaps		(136)	(21)	(157)
Borrower EUR rate swaps				
Fixed rate paid	0.275%	(84)	-	(84)
Variable rate received		-	-	-
LT swaps		(84)		(84)
Total LT swaps		**(220)**	**(21)**	**(241)**

Note 12 Trade payables and related accounts

ACCOUNTS PAYABLE AGING SCHEDULE

In €	Accounts payable, current 12/31/2019	Past due < 30 days	Past due 31 – 60 days	Past due > 60 days
French companies	1,294	188	184	922
Foreign companies	1,353	634	15	704
Total	2,647	822	199	1,626

In €	Accounts payable, current 12/31/2019	Past due < 30 days	Past due 31 – 60 days	Past due > 60 days
French companies	454	314	264	123
Foreign companies	2,286	1,362	41	883
Total	2,740	1,676	304	760

Note 13 Change in working capital requirement

In thousands of euros	12/31/2019	12/31/2018
Inventories	(1,756)	(4,465)
Trade receivables and prepaid expenses	(43,839)	23,655
Social contributions and tax receivable	(23)	1,311
BPO business advances	(25,610)	48,439
Others	(4,319)	353
Impact of the change in trade and other debtors	(75,548)	69,293
Accounts payable and prepaid income	(8,082)	10,201
Social contributions and tax payable	(305)	(5,783)
Others	(2,706)	438
Impact of the change in trade and other creditors	(11,093)	4,857
Net	(64,455)	64,436

Note 14 IFRS 16 impact as of 12/31/2019

As of January 1, 2019, Cegedim applies IFRS 16 "Leases". The new standard's impacts on the Group's key 2019 figures are described below. The debt consists mainly of real estate leases.

14.1 Balance sheet as of 12/31/2019

In thousands of euros	12/31/2019 IFRS 16	IFRS 16 impact	12/31/2019 IAS 17
Goodwill	192,740		192,740
Intangible fixed assets	157,540		157,540
Property, building, other tangible assets and construction work in progress	34,627		34,627
Right-of-use assets[1]	64,537	64,537	0
Tangible fixed assets	99,164	64,537	34,627
Long-term investments – excluding equity shares in equity method companies	19,777		19,777
Equity shares in equity method companies	15,080		15,080
Deferred tax assets	31,750	360	31,390
Trade receivables: long-term portion	-		0
Financial instruments	387		387
Prepaid expenses: long-term portion	390		390
Non-current assets	516,828	64,898	451,930
Current assets	291,785	0	291,785
Total assets	**808,613**	**64,898**	**743,715**

[1] For the table showing changes in right-of-use assets, please see note 10.3 "Tangible assets"

In thousands of euros	12/31/2019 IFRS 16	IFRS 16 impact	12/31/2019 IAS 17
Shareholders' equity	201,247	-944	202,192
Long-term financial liabilities	195,694		195,694
Non-current lease liabilities	52,413	52,413	0
Long-term financial instruments	627		627
Deferred tax liabilities	8,009	-5	8,014
Other non-current liabilities	34,105		34,105
Non-current liabilities	290,847	52,408	238,439
Short-term financial liabilities	13,961		13,961
Current lease liabilities	13,507	13,507	0
Short-term financial instruments	2		2
Accounts payable and related accounts	50,644		50,644
Tax and social liabilities	91,593		91,593
Provisions and other current liabilities	146,812	-73	146,884
Current liabilities	316,519	13,434	303,085
Total Liabilities	**808,613**	**64,898**	**743,715**

14.2 Income statement as of 12/31/2019

In thousands of euros	12/31/2019 IFRS 16	IFRS 16 impact	31/21/2019 IAS 17
EBITDA(1)	101,248	15,874	85,375
Depreciation and amortization expenses	(64,152)	(15,753)	(48,399)
Recurring operating income(1)	37,096	120	36,976
Other non-recurring operating income and expenses	(21,004)		(21,004)
Operating income	16,092	120	15,971
Cost of net financial debt	(8,572)	(1,425)	(7,147)
Total taxes	(4,821)	364	(5,185)
Consolidated net income (loss) attributable to owners of the parent	2,697	(941)	3,638

(1) see Section 4.6, Note 2 on alternative performance indicators.

The Group has applied the exemption permitting it not to recognize on the balance sheet short-term leases (i.e., leases with a term of 12 months or less, with no extension option, at their date of inception), and leases covering low-value assets (chiefly IT equipment leases). The corresponding lease payments amounted to €1.9 million in 2019 and were recognized in external expenses as in previous financial years.

14.3 Cash flow statement as of 12/31/2019

In thousands of euros	12/31/2019 IFRS 16	IFRS 16 impact	12/31/2019 IAS 17
In thousands of euros	29,260	15,654	13,606
In thousands of euros	(76,389)	102	(76,491)
In thousands of euros	(5,154)	(15,756)	20,910

14.4 Reconciliation between Off-balance sheet commitments from operating leases at December 31, 2018, and Lease liabilities at January 1, 2019

In thousands of euros	
Off-balance sheet commitments from simple operating leases as of December 31, 2018 (reported) – leases still to be paid	19,006
Contracts <12 months and/or of low rental value	-55
Contract renewal effects	31,589
Discount effect	8,663
Lease effective after January 1, 2019 (not included in off-balance sheet commitments)	5,420
Other effects	2,917
Lease liabilities as of January 1, 2019	**67,540**

New contracts in 2019 are equivalent to lease payments during the year.

Note 15 Income tax

15.1 Deferred tax

15.1.1 Tax breakdown

The tax expense recognized in income was €4.821 million in 2019, compared with €3.925 million in 2018. This comprised:

In thousands of euros	12/31/2019	12/31/2018
Tax paid		
France	(5,581)	(4,794)
Abroad	(243)	162
Total tax paid	(5,824)	(4,632)
Deferred tax		
France	1,626	1,992
Abroad	(623)	(1,285)
Total deferred taxes	1,003	707
Total tax income recognized in the income statement	**(4,821)**	**(3,925)**

15.1.2 Theoretical tax expense and actual tax expense

The reconciliation between the theoretical tax expense for the Group and actual tax expense is presented in the following table:

In thousands of euros		12/31/2019	12/31/2018
Net profit (loss) from continuing activities		2,691	4,481
Group share of equity method companies		(2,428)	(2,082)
Income taxes		4,821	3,925
Income before tax of consolidated companies	(a)	5,083	6,324
Of which French consolidated companies		28,201	39,152
Of which foreign consolidated companies		(23,118)	(32,828)
Normative tax rate in France	(b)	34.43%	34.43%
Theoretical tax expense	(c) = (a) x (b)	(1,750)	(2,178)
Impact of permanent differences		(1,031)	(1,882)
Impact of differences in tax rates on profits		1,366	2,325
Impact of differences in tax rates on temporary differences		(44)	(30)
Capitalized tax loss carryforwards		6,293	6,460
Uncapitalized tax on losses		(10,268)	(8,644)
Impact of tax credit			(1,283)
Impact of permanent differences		613	1,307
Tax expenses recognized in the income statement		(4,821)	(3,925)
Effective tax rate		n/a	n/a

Calculation of the normative tax rate in France	
Base	33.33%
Contribution of 3.3% (Corporate tax above €763,000)	1.10%
Normative tax rate in France	34.43%

The main countries contributing to the line “Impact of differences in tax rates on profits” are:

In thousands of euros)	12/31/2019
UK	1,225
France (companies not in the tax consolidation group)	78
Ireland	46
Others	17
Total	1,366

15.1.3 Deferred tax assets and liabilities

Analysis by category of the change over time of the net deferred tax position recognized in the balance sheet (before offsetting by fiscal entities with deferred tax assets and liabilities).

In thousands of euros	12/31/2018	Reclassification and correction brought forward	Profit (loss)	Change in consolida-tion scope	Other change in equity	Change in exchange rates	12/31/2019
Tax loss carryforwards	20,000						20,000
Retirement benefit commitments	5,449		319	3	1,754		7,524
Non-deductible provisions	2,761		561				3,323
Fair value adjustment to financial instruments	119		(53)		(3)		64
Finance lease	-		365				365
Elimination of internal capital gain	169		(1)				168
Restatement of R&D margin	560		196				755
Other	284		(54)				230
Total deferred tax assets	29,342	-	1,334	3	1,751	-	32,429
Unrealized exchange gains/losses	0		353			(353)	0
Elimination of accelerated depreciation	(98)		88				(10)
Elimination of depreciation on business assets	0						
Fair value adjustment to financial instruments	0						
R&D capitalization	(6,289)		(1,116)				(7,404)
Restatement of the allowance for the R&D margin	(145)		(84)				(229)
Intangible assets	(757)	(239)	393				(602)
Others	(460)		33	(15)			(433)
Total deferred tax liabilities	(7,749)	(239)	(333)	(15)	-	(353)	(8,689)
Net deferred tax	**21,593**	**(239)**	**1,001**	**(12)**	**1,751**	**(353)**	**23,741**

The recognition of deferred tax assets from tax loss carryforwards amounts to €20 million. We estimate that it will take an average of 4 years for the fully consolidated French companies to recover those assets. €6 million of deferred tax assets from tax loss carryforwards were used in the 2019 financial year and offset by the recognition of €6 million in deferred tax assets of the same nature.

The table below illustrates the change in deferred taxes recognized on the consolidated balance sheet after offsetting by fiscal entities for deferred tax assets and liabilities:

In thousands of euros	Assets	Liabilities	Net
At December 31, 2018	28,196	(6,605)	21,593
Impact on profit (loss) for the period	1,334	(333)	1,001
Impact on OCI	1,751	0	1,751
Impact of shareholders’ equity	3	(368)	(365)
Impact of net reporting by fiscal entity	464	(464)	0
Reclassification	0	(239)	(239)
At December 31, 2019	31,748	(8,009)	23,740

Tax corresponding to tax loss carryforwards not recognized from continuing activities at December 31, 2019, amounts to €38,455,000 for French companies and €16,848,000 for foreign companies.

Note 16 Equity and earnings per share

16.1 Equity

At December 31, 2019, share capital was made up of 13,997,173 shares (including 130,232 treasury shares), each with a nominal value of €0.9528, i.e. total share capital of €13,336,506.

16.2 Earnings per share

Earnings per share are calculated by dividing the Group share of earnings by the total number of shares minus treasury shares.

The number of shares must be the weighted average number of outstanding ordinary shares during the period (i.e. 13,856,173 shares at December 31, 2019, and 13,919,741 shares at December 31, 2018).

Earnings per share of continuing operations before special items amounted to €0.6 in respect of fiscal 2019.

Earnings per share amounted to €0.2 in respect of fiscal 2019.

Cegedim SA	12/31/2019	12/31/2018
Weighted average number of outstanding ordinary Cegedim SA shares	13,997,173	13,997,173
Less average number of treasury shares	(141,000)	(77,432)
Number of shares used to calculate earnings per share	13,856,173	13,919,741

Note 17 Dividend

No dividend was paid in respect of financial year 2018, in accordance with the decision of the Ordinary General Shareholders' Meeting held on June 19, 2019.

Note 18 Retirement commitments

18.1 Retirement commitments: French companies

In thousands of euros	Through an insurance fund	Through a provision for charges
Retirement benefit commitments	2,459	32,250

When employees retire, they receive a retirement benefit as defined in the collective bargaining agreement.

An actuarial valuation plan has been set up to calculate funding for benefit commitments. The total commitment comes to €34,709,000, including €2,459,000 paid to an insurance company.

The amount of retirement contributions provisioned as expenses during the financial year was €2,522,000.

The Cegedim Group decided to apply the option under IAS 19, as amended, which allows the actuarial gains and losses resulting from changes in the assumptions used to calculate liabilities to be recognized directly in equity.

The actuarial assumptions used are as follows:

Economic assumptions	2019	2018
Net interest rate	0.8477%	1.6128%
Expected return on assets	0.8477%	1.6128%
Wage increases (including inflation)	2.50%	1.40%

The discount rate applied for 2019 is 0.8477% (the Bloomberg C66715Y Index BFV EUR Composite (AA) 15 Year) versus 1.6128% in 2018.

Demographic assumptions

Mortality: Insee 2012-2016, M/W tables

Mobility: 8.5 % per year up to age 35

5.0 % up to age 45

2.8 % up to age 50

1.0 % for ages 51 and above

Retirement age: voluntary retirement at age 65

Sensitivity to the discount rate	0.5977%	0.8477%	1.0977%
	36,182	34,709	33,682

The Group's collective bargaining agreements are as follows:

- National collective bargaining agreement for traveling sales staff, representatives, ushers;
- National collective bargaining agreement for the advertising industry;
- National collective bargaining agreement for the pharmaceutical industry;
- Syntec national collective bargaining agreement for the software, technology, engineering, and consulting industries;
- French Labor Code.

18.2 Retirement commitments Foreign

The amount of retirement contributions reported as expenses and paid during the financial year was €222,000.

18.3 Comparison of retirement benefit commitments and plan assets

In thousands of euros	2019	2018
Retirement benefit commitments	34,709	25,830
Plan assets	(2,459)	(2,223)
Unrecognized prior service cost		
Recognized liabilities	32,250	23,607

Change in the cost of services rendered and the fair value of plan assets

In thousands of euros		12/31/2019 French companies	12/31/2019 Foreign companies	12/31/2019 Total	12/31/2018 French companies	12/31/2018 Foreign companies	12/31/2018 Total
Opening retirement benefit liabilities	1	25,830		25,830	25,187		25,187
Assets held for sale		-		-	-		-
Cost of services rendered during the financial year		2,146		2,146	2,051		2,051
Financial cost for the financial year		412		412	370		370
Unrecognized prior service cost		-		-	-		-
Costs for the period	2	2,558		2,558	2,421		2,421
Benefits paid out	3	(1,431)		(1,431)	(1,328)		(1,328)
Actuarial losses (gains) generated during the financial year in respect of the commitments	4	6,821		6,821	(518)		(518)
Newly consolidated companies	5	931		931	69		69
Companies no longer consolidated	6	-		-	-		-
Reclassification	7	-		-	-		-
Changes in exchange rates	8	-		-	-		-
Closing retirement benefit liabilities	1+2+3+4+ 5+6+7+8	34,709		34,709	25,830		25,630
Value of plan assets							
Fair value of plan assets		2,223		2,223	2,170		2,170
Expected return on assets		36		36	32		32
Contributions		-		-	-		-
Benefits paid out		-		-	-		-
Actuarial gains (losses) for the financial year generated on assets		11		11	21		21
Newly consolidated companies		190		190	-		-
Companies no longer consolidated		-		-	-		-
Closing fair value of plan assets		2,459		2,459	2,223		2,223

Amounts recorded in the balance sheet and income statement

In thousands of euros	12/31/2019 French companies	12/31/2019 Foreign companies	12/31/2019 Total	12/31/2018 French companies	12/31/2018 Foreign companies	12/31/2018 Total
Cost of services rendered at the closing date	34,709		34,709	25,830		25,830
Fair value of plan assets	(2,459)		(2,459)	(2,223)		(2,223)
Sub-total	32,250		32,250	23,607		23,607
Unrecognized prior service cost	-		-	-		-
Liabilities recognized on the balance sheet	32,250		32,250	23,607		23,607
Cost of services rendered during the financial year	2,146		2,146	2,051		2,051
Financial cost for the financial year	412		412	370		370
Return on plan assets	(36)		(36)	(32)		(32)
Effect of plan reduction or liquidation	-		-	-		-
Expenses recognized in the income statement	2,522		2,522	2,389		2,389

Change in net liabilities recorded in the balance sheet

In thousands of euros	12/31/2019 French compa-nies	12/31/2019 Foreign compa-nies	12/31/2019 Total	12/31/2018 French compa-nies	12/31/2018 Foreign compa-nies	12/31/2018 Total
Opening net liabilities	23,607		23,607	23,017		23,017
Actuarial losses (gains)	6,809		6,809	(539)		(539)
Reclassification of recognized prior service costs – vested rights	-		-	-		-
Expenses recognized in the income statement	2,522		2,522	2,389		2,389
Benefits paid out	(1,431)		(1,43)1	(1,328)		(1,328)
Contributions paid	-		-	-		-
Newly consolidated companies	742		742	69		69
Companies no longer consolidated	-		-	-		-
Reclassification	-		-	-		-
Change in exchange rates	-		-	-		-
Closing net liabilities	32,250	-	32,250	23,607		23,607

Note 19 Related parties

This note presents the transactions between the Group and its related parties. The compensation of key management personnel is presented in note 8.4.

PROFILE OF CEGEDIM'S PARENT COMPANY: FCB

FCB is a limited company held mainly by Jean-Claude Labrune, Chairman and Chief Executive Officer of Cegedim SA, his family, and certain members of the Board of Directors of Cegedim SA.

TRANSACTIONS WITH RELATED PARTIES

Certain transactions were carried out with companies that share a Director with Cegedim SA.

The main subsidiaries (fully consolidated companies) are listed in note 4. Only the significant transactions are described below:

Charges of €8.063 million in 2019, compared with €8.098 million in 2018, essentially comprised the following:

- FCB re-invoiced €2,406,000 in rent to companies in the Cegedim Group, compared with €2,652,000 in 2018;
- FCB invoiced €1,726,000 for car leases, compared with €1,628,000 in 2018, and €332,000 in fleet management fees, compared with €319,000 in 2018;
- FCB re-invoiced €961,000 for the contract for services in strategic consulting, human resources, marketing, finance, budget, and internal information systems, compared with 1,971,000 in 2018;
- FCB granted a €50 million loan to Cegedim SA in 2007. At the time of the Cegedim capital increase, FCB subscribed for €4,906,000, set off against the outstanding debt. As a result, the amount owed decreased from €50 million to €45.094 million. Interest on this loan was €1,308,000 in 2019 compared with 1,481,000 in 2018.

In thousands of euros	**Companies under joint control or significant influence**		FCB		**Family-owned SCI property investment companies**	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Income	-	-	228	242	-	-
Expenses	-	-	8,063	8,098	5,840	5,742
FCB Loans	-	-	45,094	45,094	-	-
Security deposits granted	-	-	493	493	1,307	1,307
Security deposits received	-		9	9	-	-
Receivables	-	-	90	5	-	-
Provisions for receivables	-	-	-	-	-	-
Liabilities	-	-	1,080	512	417	8
Commitments given	-	-	-	-	-	-
Commitments received	-	-	-	-	-	-

Note 20 Other disclosures

20.1 Seasonality

The business activities of the Group are somewhat seasonal due to its software publishing activity.

Over the year, the Group generates slightly more revenue in the second half than in the first half.

Quarterly % of reported revenue	2019	2018
Q1	23.7%	23.9%
Q2	25.1%	24.7%
Q3	23.5%	23.3%
Q4	27.7%	28.1%
Year	100.0%	100.0%

The proportion of EBITDA(1) generated in the second half of the year is generally much higher than the EBITDA(1) generated during the first half of the year.

Half-yearly % of reported EBITDA(1)	2019	2018
H1	45.0%	43.4%
H2	55.0%	56.6%
Year	100.0%	100.0%

This is largely due to the seasonal nature of Cegedim clients' decision-making processes. In particular, the Health insurance, HR & e-services and Healthcare professionals divisions are characterized by a certain seasonality effect, as some customers buy the Group's products and services at the end of the year to ensure that they fully spend their annual budgets.

(1) see Section 4.6, Note 2 on alternative performance indicators.

20.2 Group audit fees

In thousands of euros	12/31/2019				12/31/2018			
	Mazars	%	KPMG	%	Mazars	%	Grant Thornton	%
Auditing, certification, review of individual and consolidated financial statements								
Cegedim SA	131	42.3%	130	100.0%	165	45.2%	165	77.5%
Fully consolidated subsidiaries	178	57.7%	0	0.0%	200	54.8%	48	22.5%
Non-audit services								
Cegedim SA								
Fully consolidated subsidiaries								
Audit subtotal	308	100.0%	130	100.0%	365	100.0%	213	100.0%
Legal, tax, social								
Others								
Subtotal of other services provided by the networks to the fully consolidated subsidiaries								
Total auditors' fees	308	100.0%	130	100.0%	365	100.0%	213	100.0%

20.3 Off-balance sheet commitments

GUARANTEES GIVEN BY CEGEDIM TO ITS SUBSIDIARIES

All subsidiaries

- One-year authorization for all subsidiaries to provide securities, endorsements, and other guarantees for a total amount of €15 million, provided no single commitment exceeds €5 million (authorized by the Board of Directors on March 27, 2019).

Gers subsidiary

- €10 million guarantee to Sanofi (authorized by the Board of Directors on January 29, 2019).

Alliadis subsidiary

- €3 million surety to ARVAL SERVICE LEASE for 12 months, i.e. to June 18, 2020.

SUBSIDIARY GUARANTEES

Cegedim Activ subsidiary

- MAD450,000 and €300,000 guarantee to CNOPS;
- €183,000 guarantee to Office National de l'Electricité;
- Guarantees to ANAM Maroc for MAD20,000 and €8,000;
- MAD60,000 guarantee to the Kingdom of Morocco;
- Guarantees to Caisse Nationale de Sécurité Sociale du Maroc for MAD645,000 and €17,000;
- MAD100,000 guarantee to Mutuelle Général du Personnel.

Cetip subsidiary

- €80,000 guarantee to La Poste.

Futuramédia subsidiary

- 15,000 guarantee to BPIFrance.

Note 21 Accounting principles and methods

21.1 Basis of consolidation

Subsidiaries and equity investments are included in the consolidation scope on the date on which control is effectively transferred to the Group, while subsidiaries and equity investments that are sold are excluded from the consolidation scope on the date on which control is lost.

In accordance with IFRS 10, an investor is said to have control when the facts and circumstances show that the Group:

- has power over the subsidiary, giving it the ability to direct relevant activities;
- is exposed or has rights to variable returns from its involvement with the subsidiary;
- has the ability to use its power over the subsidiary to influence the amounts of returns it receives.

Subsidiaries thus controlled are consolidated by incorporating their financial statements, even if the percentage held is less than 50%

When the Group acts in concert with one or more other investors to direct the subsidiary's relevant activities, the parties have collective control. In these cases, the Group accounts for its stake in the subsidiary using the proportional consolidation method. This is notably the case for subsidiaries in which the Group holds a percentage of voting rights greater than or equal to 20%.

According to this method, the Group records the "share of the profit (loss) of equity-accounted affiliates" on a specific line of the consolidated net income statement

The list of consolidated companies is set out in note 4.

21.2 Business combinations (IFRS 3)

Business combinations are accounted for using the acquisition method in accordance with the provisions of the IFRS 3 "Business Combinations" standard.

The identifiable assets, liabilities, and contingent liabilities of the entity acquired are accounted for at their fair value.

The difference between the acquisition price and the Group's interest in the net fair value of assets, liabilities, and contingent liabilities of the acquired entity at the acquisition date is recorded as goodwill. In general, the Group typically makes acquisitions to gain market share, so it records little acquisition goodwill. If the acquisition price is less than the fair value of the identified assets, liabilities, and contingent liabilities acquired, the difference is immediately recognized in the income statement as a gain from a bargain purchase.

Goodwill is recorded in the functional currency of the acquired entity. IAS 21 (paragraph 47) requires that goodwill in foreign currencies be recognized at the closing rate on each accounting closing date and not at the historical exchange rate.

Goodwill is not amortized but is subject, in accordance with revised standard IAS 36, to impairment testing when an impairment indicator is identified and at least once a year (see "Impairment of Assets").

If the recoverable amount of goodwill is less than the net book value, the difference in value is recorded on the income statement.

The recoverable amount is defined as the higher of fair value of assets less costs of disposal and value in use of the assets (the sum of discounted cash flows expected by the company for the asset estimated based on the present and future profitability of the division in question).

If necessary, impairments are recorded as "Other special items".

21.3 Intangible assets (IAS 38)

INTANGIBLE ASSETS ACQUIRED SEPARATELY OR THROUGH A BUSINESS COMBINATION

Intangible assets acquired separately or through a business combination

Intangible assets acquired separately (primarily software) are recorded initially at cost. They are recognized as assets when (i) it is probable that future economic benefits attributable to them will go to the Group and (ii) their cost can be measured reliably.

Intangible assets acquired in connection with business combinations are recorded at their fair value on the acquisition date.

Intangible assets with a finite useful life are assessed and recognized according to the cost model.

Intangible assets are amortized using the straight-line method over their useful life (excluding goods with an indefinite life). The useful life of intangible assets is reviewed periodically. If necessary, resulting changes are recognized.

The value of amortized intangible assets is tested if an impairment indicator is identified.

Research and development / Internally developed software

Research costs are expensed in the financial year during which they were incurred.

Development costs for new internal projects are capitalized if the following criteria are fully satisfied in accordance with IAS 38:

- the project is clearly identified, and the related costs are separable and tracked reliably;
- the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from the project;
- it is probable that the developed project will generate future economic benefits that will flow to the Group.

Otherwise, the development costs are expensed in the financial year during which they were incurred.

Once in use, assets whose development is complete are removed from the development costs item and recognized under the corresponding asset item (generally software).

Amortization is calculated as of the moment the fixed asset is ready to be used and is calculated over its foreseeable useful life. Projects are classified based on their life cycles, as follows:

Project type	Duration	Method	Number of projects
Core projects	15 years	Straight-line	Very select number of projects
Strategic projects	8-10 years	Straight-line	Select projects
Routine developments	5 years	Straight-line	Covers most Group projects
Targeted projects	2-4 years	Straight-line	Select projects

The Group regularly performs impairment tests on key internally developed software, even when there is no impairment indicator, to ensure that the software still meets the IAS 38 definition of an asset and that amortization schedules are consistent with assets' useful lives. When necessary, impairment may be recorded for a specific software program. Changes that may result from a revision to a program's useful life are recognized.

This test is based on projections of future cash flows estimated according to the project's expected productivity and market potential. Discount rate assumptions are identical to those used for asset impairment (see below).

21.4 Tangible assets (IAS 16)

Property and equipment consist primarily of computer hardware and industrial equipment and are recorded at their acquisition cost, less accumulated depreciation and impairment losses.

Property and equipment are depreciated straight-line over their useful life, the depreciable basis used being cost less any estimated residual value, if applicable.

The useful lives of the property and equipment are revised periodically. If necessary, resulting changes are recognized.

Property and equipment are subject to impairment testing if an impairment indicator is identified.

If necessary, additional impairment is recorded in the income statement as "Other special items".

The following depreciation periods and methods are used:

Project type	Duration	Method
Computer hardware		
PCs for office use	3-4 years	Straight-line
Server systems	5 years	Straight-line
Industrial equipment		
Printing equipment	8-10 years	Straight-line
Industrial equipment and machinery	5-8 years	Straight-line
Fixtures and facilities	8 years	Straight-line
Transportation equipment	4 years	Straight-line
Office equipment	4 years	Straight-line
Furnishings	8 years	Straight-line

Additionally, IAS 16 prescribes the separate component approach for assets that can be broken down into elements that each have different uses or offer economic benefits at a different rate. In the Cegedim Group, this involves buildings consisting of administrative offices and industrial facilities (workshops, warehouses, storage areas, etc.), for which separate depreciation schedules have been established based on the useful life of the various components (structure, facades and weatherproofing, general and technical facilities, and fixtures).

21.5 Lease accounting

The Group has applied IFRS 16 to leases effective January 1, 2019. When Cegedim enters into a lease agreement providing for fixed payments, the standard requires it to recognize a lease liability reflecting the discounted value of future payments it will make, with a corresponding right-of-use asset amortized over the lease term.

The Group has decided not to restate leases with an initial term of less of 12 months or those for low-value assets.

The lease term is the reasonably certain period until the end of the lease.

The discount rates applied, which are calculated at the commencement of each lease, reflect the lessee's marginal borrowing rate. For euro rates, they are based on the euro swap curve, plus the financing component. For rates applied to foreign-currency leases, they are based on the swap curve for the relevant currency, plus the financing component for the same currency.

21.6 Impairment of assets (IAS 36)

Cash Generating Units (CGU)

The CGU is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash inflows generated by other assets or groups of assets. CGUs generally correspond to a set of entities contributing to the same sector of activity (type of services) and using the same tools.

Since the transition to IFRS, the Group has revised the dividing lines for its CGUs three times with the assistance of an independent consulting firm to more accurately reflect changes at its businesses and thus on internal reporting. The current separation of CGUs dates to 2015.

The Cegedim Group has two groups of CGUs, corresponding to its two business operating sectors (and to the sector information presented in Note 5):

The Health insurance, HR and e-services division serves large corporate clients. The division:

- handles all products and services marketed to insurance companies, mutual insurers, personal protection insurers, and insurance brokers, and it covers the entire chain of interactions between these entities and healthcare professionals;
- it also targets companies in any business sector interested in solutions for hosting, outsourcing (HR and payroll management, for example), or electronic data exchanges (Cegedim e-business).

The Healthcare professionals division serves doctors, allied health professionals, pharmacists, and healthcare facilities. The division sells management software, databases, and solutions that help healthcare professionals perform everyday tasks.

For impairment testing purposes, as of the acquisition date, goodwill acquired as part of a business combination is allocated to the two groups of CGUs that are likely to benefit from the resulting synergies. This approach is also consistent with the way the Group's management monitors business performance.

IMPAIRMENT TESTING

When impairment is indicated, or at least once a year, the Group performs impairment tests to assess the possible loss of value for its operating assets.

Impairment tests are performed on the CGU to which the assets are assigned.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognized if the recoverable value of an asset or of a CGU is less than its book value.

If the CGU tested includes goodwill, the impairment is first allocated to this goodwill.

Impairment is recognized under "Others special items" and is clearly explained in the notes to the consolidated financial statements.

Sensitivity tests are conducted on various parameters, namely by varying the assumptions used for the discount rate, the perpetual growth rate, and the performances in terms of EBITDA margin and free cash flow.

VALUE IN USE

The value in use of a group of CGUs is determined using the discounted cash flow (DCF) method. Business plans are constructed by making five-year forecasts under the assumptions used by the Group's different operating managers in their strategic plans. These are reviewed by the Audit Committee and approved by the Board of Directors. The expected cash flows beyond the fifth year of the plan are represented by a terminal value, which is determined using a margin projected from the average margin appearing in the business plans and in recent years.

DISCOUNT RATE

The Group uses a single discount rate for all groups of CGUs. The skills center, R&D developments, and databases used to support Group services are centralized, and products and services are distributed locally.

To comply with the requirements of paragraphs 55 and 56 of IAS 36, the discount rate is calculated from a business segment's weighted average cost of capital before tax. The rate is applied to operating cash flows before tax.

The Group hires independent experts to calculate this discount rate. The calculations use a sample of listed peers and benchmark indexes to determine Cegedim's specific risk premium and beta coefficient, as well as a target debt ratio applicable to the industry in which the Group competes. The formula is updated as market conditions require and at least once per year.

PERPETUAL GROWTH RATE

The perpetual growth rate is based on economic data that is weighted to reflect the specificities of the Cegedim Group.

21.7 Financial assets

How financial assets are classified and measured depends on the business model and contractual characteristics of the financial instruments. Upon their initial recognition, financial assets are classified under IFRS 9 as being held either at amortized cost, at fair value through equity, or at fair value through profit or loss.

Within the Group, financial assets include equity securities (including non-consolidated equity investments), loans and deposits, and security deposits.

21.8 Deferred taxes (IAS 12)

Deferred taxes are calculated using the variable tax rate method for all temporary differences between the carrying amount entered in the consolidated financial statements and the tax base of the Group's assets and liabilities. Deferred tax assets and liabilities are valued at the tax rate expected to be applied for the financial year during which the asset will be realized or the liability paid, based on the tax rates enacted at the closing date.

Deferred tax assets on deductible temporary differences and on unused tax losses carried forward are recognized to the extent that it is likely that future taxable profits will be offset by as yet unused tax losses.

Deferred tax assets and liabilities are not discounted. They are offset when (1) the entity has a legally enforceable right to offset tax assets and liabilities, (2) they relate to income taxes levied by the same tax authority on the same taxable entity.

21.9 Inventories of goods and services in progress (IAS 2)

INVENTORIES OF GOODS

Inventories of goods are valued using the weighted average cost method. The gross value of goods and supplies includes the purchase price and ancillary expenses.

Impairment is recorded if the book value is less than the current fair value (net realizable value).

SERVICES IN PROGRESS

The current fair value consists solely of the direct costs recorded on contracts in progress. An impairment is recorded when future billings for work in progress will not cover the corresponding direct costs.

21.10 Trade receivables and other operating receivables

TRADE RECEIVABLES

Trade receivables are initially valued at fair value then at amortized cost and are individually monitored. An impairment is recorded when the current fair value is less than the carrying value given the probability of recovery.

OTHER RECEIVABLES

Receivables are accounted for at their discounted amount if they are due in more than one year and if the effects of discounting are significant.

CLASSIFICATION OF FINANCIAL ASSETS

IFRS 9 introduces a new approach to classifying and measuring financial assets. The standard classifies financial assets into three categories: those measured at amortized cost, those measured at fair value through other comprehensive income, and those measured at fair value through profit or loss.

Impairment - Financial assets and contract assets (IFRS 9)

For trade receivables including contract assets, the Group measured losses actually incurred by its client portfolio over recent years and concluded that the new arrangements for the impairment of contract assets do not have a material impact on the Group's financial statements.

21.11 Cash and cash equivalents

Cash equivalents are valued at their market value on the closing date. Changes in value are recorded in the financial result.

21.12 Treasury shares (IAS 32)

In accordance with IAS 32, treasury shares are accounted for at cost and their value is deducted from consolidated shareholders' equity.

Gains (losses) arising from sales of treasury shares are added to (deducted from) consolidated reserves at their amount net of tax effects.

Sales of treasury shares are accounted for using the FIFO method.

21.13 Provisions and contingent liabilities (IAS 37)

A provision is recorded if the Group has an obligation resulting from past events, whose settlement is expected to result in an outflow of economic resources whose amount can be reasonably measured. The provision classification is maintained as long as the due date and the amount of the outflow of resources have not been precisely determined.

Provisions are estimated on a case by case basis or based on statistics when they include a large number of items. They are discounted when they are due in more than one year. Cegedim Group's main commitments are intended to cover employee, client, and supplier litigation.

21.14 Retirement (IAS 19)

Defined-contribution plans

Defined-contribution plans are post-employment benefit plans under which an entity makes defined contributions to a separate entity (a fund) and has no legal or constructive obligation to pay additional contributions if the fund has insufficient assets to provide all the benefits corresponding to the services rendered by employees during current and prior periods. These contributions are recorded as payroll cost for the period in which they are due, with no liability recognized in the balance sheet.

Defined-benefit plan

Defined-benefit plans refer to post-employment benefits other than defined-contribution plans.

They primarily involve retirement obligations. If these obligations are assumed directly by the Group's companies, the corresponding actuarial liabilities are covered by a provision in the balance sheet.

Since 2011, the Group has applied IAS 19, as amended, under which it can recognize directly in equity the actuarial gains and losses arising from changes in the assumptions used to calculate the liabilities.

Cegedim SA applies recommendation ANC 2013-02 of the French national accounting standards board, dated November 7, 2013, which governs the valuation of retirement obligations and similar benefits.

In accordance with this recommendation, the unrecognized prior service cost unamortized at December 31, 2012, was recorded as a reduction in shareholders' equity at January 1, 2014.

Actuarial liabilities are calculated using the projected unit credit method and are based on valuations specific to each company of the Group; these valuations include assumptions concerning, for example, wage increases, inflation, life expectancy, and employee turnover. The discount rate applied to retirement benefit obligations is determined using the closing benchmark market rate based on top-rated bonds. For countries that lack an active market in top-rated corporate bonds, the Group uses the closing rate of government bonds.

Additionally, the impact that changes to pension plans resulting from amendments to collective bargaining agreements have on the valuation of the provision for retirement benefits is spread over employees' remaining years of service.

Finally, if this obligation is partially or completely covered by funds paid by Group companies to financial institutions, the amounts of these dedicated investments are deducted from the liability on the balance sheet.

21.15 Financial liabilities (IAS 32/IFRS 9)

Issue premiums and issue costs impact the initial recognized value (fair value) of financial liabilities and are included in the calculation of the EIR (Effective Interest Rate) in compliance with IAS 32 and IFRS 9. Borrowings and other financial liabilities that charge interest are valued according to the amortized cost method using the effective interest rate for the loan. The costs are thus spread out over the loan's life via the EIR.

For financial liabilities arising from finance leases, the financial liability recorded to match the non-current asset is initially recorded at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

21.16 Derivatives and hedging instruments

Financial instruments are recognized at fair value and subsequent changes in the fair value of the instrument are recognized according to whether or not the instrument is a hedging instrument and, if so, the nature of the item hedged.

The Group's use of derivatives such as interest rate swaps, caps, or other equivalent term contracts is intended to hedge risks associated with interest rate fluctuations.

These derivative instruments are recorded in the balance sheet at market value. Changes in market value are recognized in the income statement in "Other operating income and expenses", except for transactions that qualify as cash flow hedges (flows related to a variable interest rate debt), for which changes in value are recorded under equity.

From the outset of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and hedging policy.

The financial elements covered by derivatives follow one of two types of hedge accounting:

- fair value hedges;
- cash flow hedges.

For fair value hedges, the value of the financial liability underlying the derivative is adjusted in the balance sheet under the hedged risk (risk relating to interest rate fluctuations). Changes in value are recorded in the income statement (as financial expenses) and offset changes in the value of the derivative allocated to the underlying for the hedged portion.

For cash flow hedges, the financial liability is recorded in the balance sheet at the amortized cost. Changes in the value of the derivative are recorded in shareholders' equity. To the extent that the financial expense or income of the hedged item impact the income statement for a given period, the financial expense or income recorded under shareholders' equity in respect of the derivative for the same period is transferred to the income statement.

When a derivative does not meet the criteria for hedge accounting, changes in fair value are recognized in the income statement under other operating income and expenses.

Hedge accounting (IFRS 9)

The Group has decided to recognize forward points separately under "hedging costs". They are now recognized under other comprehensive income in hedging reserves, a separate component of equity, before being reclassified subsequently as accumulated gains and losses in the cash flow hedging reserve.

21.17 Revenue recognition (IFRS 15)

Effective January 1, 2018, Group revenues are recognized using the modified retrospective method in accordance with IFRS 15. The revenue recognition model has five steps:

- Identify the contract with a customer;
- Identify the distinct performance obligations;
- Determine the transaction price;
- Allocate the transaction price amongst each of the performance obligations;
- Recognize revenue when each performance obligation is satisfied.

Cegedim Group's revenues consist primarily of services, software sales and, to a lesser extent, hardware sales.

Note 7 more specifically details the conditions for revenue recognition and application of IFRS 15.

21.18 Foreign currency translation (IAS 21)

Transactions in foreign currencies

Transactions in foreign currencies are recorded using the exchange rate on the date the transactions are recorded. On the closing date, accounts payable or receivable denominated in foreign currencies are converted into euros at the closing exchange rate.

Translation differences for transactions in foreign currencies are recognized in financial income (expense). Such transactions are very limited in number. Therefore, the Group does not specifically manage the exchange risk.

Financial statements of foreign entities

The currency used to prepare consolidated financial statements is the euro.

The financial statements of foreign entities using a different functional currency are converted into euros using:

- the official closing rate for assets and liabilities;
- the average of monthly average rates for the financial year ended for income statement and cash flow statement items;
- the historical rate for shareholders' equity.

Translation gains or losses resulting from this treatment and those resulting from the translation of the shareholders' equity of subsidiaries at the beginning of the financial year based on the closing rates are included in "Exchange differences" under consolidated shareholders' equity.

Translation gains or losses on intra-Group loans are eliminated via the Group translation gains or losses (in reserves) in order to smooth out fluctuations in exchange rates because these loans are long term (their settlement is neither planned nor likely in the foreseeable future) and in some cases may be converted into capital increases.

21.19 Cash flow statement (IAS 7)

In accordance with the option offered by IAS 7 "Statement of cash flows", the consolidated cash flow statement is prepared using the indirect method.

This method shows the reconciliation of the net profit (loss) with the net cash generated by operating activities in the financial year. The opening and closing cash positions include cash and cash equivalents, which are made up of investment instruments less overdrafts.

21.20 Segment reporting (IFRS 8)

Segment reporting is prepared according to the accounting methods used for the preparation and presentation of consolidated financial statements.

Segment reporting corresponds to the way the Group's internal reporting is organized, which is the basis for the management tools used by the Group's management. It is also the main way financial performance is communicated.

The Group's activities are divided into two operating business segments and a "Corporate and others" segment:

The **Health insurance, HR and e-services division** serves large corporate clients. The division:

- handles all products and services marketed to insurance companies, mutual insurers, personal protection insurers, and insurance brokers, and it covers the entire chain of interactions between these entities and healthcare professionals;
- it also targets companies in any business sector interested in solutions for hosting, outsourcing (HR and payroll management, for example), or electronic data exchanges (Cegedim e-business).

The **Healthcare professionals division** serves doctors, allied health professionals, pharmacists, and healthcare facilities. The division sells management software, databases and solutions that help healthcare professionals perform everyday tasks.

The **Corporate and others division** is the third division and supports the operating divisions

Intra-Group transfer prices are based on standard agreements entered into on an arm's length basis.

The Group publishes information by geographic area, which shows the dichotomy between France and international. When there is a material exposure to foreign currencies, consolidated revenue performances are further broken down according to currency.

22 Significant post-closing transactions and events (post December 31, 2019)

Apart from the items cited below, to the best of the company's knowledge, there were no post-closing events or changes that would materially alter the Group's financial situation.

COVID-19 EPIDEMIC

Faced with the spread of the coronavirus and the COVID-19 epidemic—and its impact on the European economy—the Group has activated its business continuity plans and is closely following the situation's impact on its business activities. However, at this stage it is still too early to fully assess the impact on Cegedim's business operations and financial results, so it is impossible to issue specific guidance on the Group's 2020 outlook.

4.7 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

CEGEDIM

Financial year ended December 31, 2019

To the shareholders of Cegedim,

Opinion

In carrying out the task entrusted to us by your General Meeting, we have audited the consolidated financial statements of Cegedim SA for the financial year ended December 31, 2019, as appended to this report.

We certify, in accordance with the IFRS as adopted by the European Union, that the consolidated financial statements are accurate and truthful and give a true and fair view of the results of the operations of the past financial year, as well as the financial situation and the assets, at the end of the year, of all of the persons and entities included in the consolidation scope.

The opinion expressed above is consistent with the contents of our report to the audit committee.

Basis for the Opinion

Audit standard

We conducted our audit in accordance with generally accepted professional standards in France. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the "Auditors' responsibilities relating to the consolidated financial statements" section of this report.

Independence

We carried out our audit in accordance with the rules of independence applicable to us, over the period from January 1, 2019, to the date of issue of our report, and in particular we have not provided services prohibited by Article 5 (1) of (EU) Regulation No. 537/2014 or by the Auditors' code of ethics.

Observation

Without qualifying our opinion, we draw your attention to Note 1 "Reference" of the Notes to the consolidated financial statements, which sets out the resulting effects of the initial application of IFRS 16 "Leases" and the application of IFRIC 23 "Uncertainty over income tax treatments".

Justification for our assessments–Key audit matters

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key aspects of the audit with respect to the risk of material anomalies and which, in our professional judgement, were the most important for the audit of the consolidated financial statements for the financial year. We also demonstrate how we have dealt with these risks.

The assessments thus made are part of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on individual items in the consolidated financial statements.

Valuation of goodwill

(Notes 10.1 and 22.6 of the notes to the consolidated financial statements)

Risk identified

At December 31, 2019, the net book value of goodwill amounted to €196 million, compared with a balance sheet total of €809 million.

At least once a year, and whenever indicators of impairment are identified, Management performs impairment tests at the level of the two groups of Cash Generating Units (CGU) to which the goodwill has been allocated. An impairment loss is recognized when the recoverable amount of the group of CGUs is lower than its net book value, provided that:

- the recoverable amount of a group of CGUs is the higher value between its fair value less sales costs, or its value in use;

– the value in use of a group of CGUs is the sum of the discounted cash flows expected by the Group for the CGUs.

We have considered the valuation of goodwill as a key audit matter, given its importance to the consolidated balance sheet and the estimates and assumptions used by Management to determine their recoverable value, which is mostly based on projections of discounted cash flows, the realization of which is inherently uncertain, notably in the context of the initial application of the new standard for leases, IFRS 16.

Our response

Our work included:

- confirming that the latest strategic plans established by Management and the impairment tests for each of the two groups of CGUs are consistent with the business projections that underlie the cash flow projections, in particular by interviewing Management and by comparing past estimates and performance achieved;
- assessing the soundness of the key assumptions used for:
    - the determination of cash flows in relation to the underlying operational data,
    - the long-term growth rate of these flows,
    - the discount rates used.

We obtained and reviewed sensitivity analyzes performed by Management. We also performed our own sensitivity calculations to ensure that only an unreasonable change in assumptions could result in the recognition of a significant impairment of goodwill.

We sought to determine the appropriateness of the information supplied in Notes 10.1 and 22.6 of the notes to the consolidated financial statements.

Recognition and evaluation of development costs and internal software recorded as assets

(Notes 10.2 and 22.3 of the notes to the consolidated financial statements)

Risk identified

At December 31, 2019, the net book value of development and internal software costs amounted to €144 million, compared with a balance sheet total of €809 million.

These intangible assets correspond to the development expenses of new internal projects that are capitalized when the criteria set out in Note 22.3 of the notes to the consolidated financial statements are met. Amortization is applied on a straight-line basis from the start-up date of the underlying asset and is calculated on the basis of the expected useful life.

The Group carries out regular impairment tests on the main internally developed software even if there is no impairment indicator in order to ensure that the net book value of these assets does not exceed their recoverable amount. To this end, the Group performs impairment tests at the level of internal development projects to which a significant asset is attached. The methods and detailed assumptions used for these tests are presented in Note 22.3 to the consolidated financial statements.

We considered the recognition and valuation of development and internal software costs as a key part of our audit, given the assessment that Management must make to determine their recoverable value, which is mostly based on discounted cash flow projections whose realization is inherently uncertain.

Our response

Our work involved:

- evaluating, in accordance with the accounting standards in force, the procedures for examining the criteria for capitalizing development costs;
- cataloguing and testing a sample of the key controls the Group has set up as part of its internal control process for the capitalization and monitoring of development costs and internal software;
- checking, on a test basis, that the amounts of development costs capitalized over the financial year are consistent with the underlying documentary evidence;
- noting and assessing the reasonableness of the data and assumptions used by the Management to prepare the cash flow projections on selected projects—including the marketing and depreciation periods, sales, and the margin rate and discount rate—by consulting with Management and comparing future cash flows with past achievements;
- performing our own sensitivity calculations;
- determining the appropriateness of the information supplied in notes 10.2 and 22.3 of the notes to the consolidated financial statements.

Specific verifications

In accordance with the professional standards applicable in France, we have also performed the specific verification required by legal and regulatory texts of the information relating to the Group that is provided in the Board of Directors' management report.

We have no comments to make as to its fairness and consistency with the consolidated financial statements.

Statement of non-financial performance

We attest that the consolidated statement of non-financial performance required by Article L.225-102-1 of the French Commercial Code is included in the Group's management report. Note that, in accordance with the provisions of Article L.823-10 of the code, we have not verified that the information contained therein is fairly presented and consistent with the consolidated financial statements. This should be reported on by an independent third party.

Information resulting from other legal and regulatory requirements

Appointment of auditors

Mazars and KPMG were appointed auditors of Cegedim SA by the General Meeting of June 18, 2029.

As at December 31, 2019, Mazars was in its eighteenth consecutive year as statutory auditor, and KPMG was in its first year.

Responsibilities of Management and Corporate Governance Officers in regards to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair view in accordance with IFRS as adopted in the European Union, and for designing and implementing the internal controls that it deems necessary for the preparation of consolidated financial statements without material misstatements, whether due to fraud or error.

When it prepares the consolidated financial statements, management is responsible for evaluating the company's ability to continue as a going concern, to present in these accounts, where appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy, unless there are plans to liquidate the company or discontinue its activity.

The Audit Committee is responsible for monitoring the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit, in regards to procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the auditors relating to the audit of the consolidated financial statements

Audit objective and procedure

It is our duty to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance corresponds to a high level of assurance but does not guarantee that an audit performed in accordance with the standards of professional practice will systematically detect all material misstatements. Misstatements may arise from fraud or error and are considered material if it can reasonably be expected that they, taken singly or together, may influence the economic decisions that account users make on their basis.

As specified by Article L. 823-10-1 of the French Commercial Code, our engagement to certify accounts is not a guarantee of the viability or the quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the auditor exercises their professional judgment throughout this audit. Furthermore:

- the auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether from fraud or error, and defines and implements audit procedures to address such risks, and collects the information they consider sufficient and appropriate to act as a basis for their opinion. The risk of non-detection of a material misstatement from fraud is higher than that of a significant anomaly resulting from error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation or the circumventing of internal control;
- the auditor takes cognizance of the internal control relevant to the audit in order to define the appropriate audit procedures under the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- the auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;

- the auditor assesses the appropriateness of management's application of the going concern concept and, depending on the information gathered, the existence or otherwise of material uncertainty related to events or circumstances likely to compromise the company's ability to continue its operations. This assessment is based on the information gathered up to the date of their report, but note that subsequent circumstances or events could jeopardize the continuity of operations. If the auditor concludes that there is significant uncertainty, they draw the attention of readers of their report to the information provided in the consolidated financial statements about this uncertainty, or, if this information is not provided or is not relevant, they draw up a qualified certification or a refusal to certify;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying transactions and events so as to give a true and fair view of them;
- with regard to the financial information of the persons or entities included in the scope of consolidation, they collect information that they consider sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision, and execution of the audit of the consolidated financial statements as well as for the opinion expressed on these accounts.

Audit Committee Report

We submit a report to the audit committee, which outlines the scope of the audit work and the implemented work program, as well as the conclusions arising from our work. We also disclose, if necessary, any significant weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the information disclosed in the report to the audit committee are the risks of material misstatements that we consider to have been the most important for the audit of the consolidated financial statements for the financial year and which therefore constitute the key audit matters, which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of the (EU) Regulation No. 537-2014 confirming our independence within the meaning of the regulations applicable in France as laid down in particular by Articles L. 822 -10 to L. 822-14 of the French Commercial Code and in the auditors' professional code of ethics. Where appropriate, we discuss with the audit committee any risks to our independence and the safeguards that have been put in place.

The Statutory Auditor

Paris La Défense, March 19, 2020

KPMG S.A.

Vincent de Becquevort
Partner

Courbevoie, March 19, 2020

Mazars

Jean-Philippe Mathorez
Partner

05

Parent company financial statements

5.1 Balance sheet

5.1.1 Assets

In thousands of euros	Gross	Depreciation, amortization, and impairment	**12/31/2019 Net**	12/31/2018 Net
Intangible assets				
Development costs	4,191	-	4,191	5,935,
Concessions, patents, and similar rights	495	434	61	73
Commercial goodwill	5,071	160	4,911	4,911
Other intangible assets	34,475	25,818	8,657	6,094
Property, plant, and equipment				,
Buildings	3,197	2,929	268	534,
Plant and equipment	4,644	2,986	1,658	1,226
Other property, plant, and equipment	715	481	234	146
Non-current assets in progress	-	-	-	-
Financial assets				
Investments	438,519	170,241	268,279	268,476
Accrued interest on investments	-	-	-	28
Loans	35,439	-	35,439	3,612
Other financial assets	1,853	-	1,853	1,989
Non-current assets	**528,598**	**203,049**	**325,550**	**293,024**
Inventories and work in progress				
Inventories of goods held for resale and raw materials	-	-	-	-
Production of services in progress	-	-	-	-
Goods held for resale	-	-	-	-
Advances and deposits paid on orders	17	-	17	4
Receivables				
Trade receivables	22,628	1,388	21,240	17,869
Other receivables	7,688,	-	7,688	11,353
Capital called but not paid-up	-	-	-	-
Short-term investments	4,132	111	4,021	4,160
Cash and cash equivalents	5	-	5	92
Accruals				
Prepaid expenses	921	-	921	744
Current assets	**35,391**	**1,499**	**33,892**	**34,222**
Deferred bond issue expenses	1,228	-	1,228	1,489
Unrealized exchange losses	34	-	34	46
Total assets	**565,251**	**204,548**	**360,703**	**328,781**

5.1.2 Liabilities and equity

In thousands of euros	**12/31/2019**	12/31/2018
Share capital	13,336	13,337
Merger and contribution share premiums	29,992	29,992
Statutory reserve	1,334	1,334
Tax-regulated reserves	3,632	3,893
Other reserves	29,714	4,729
Retained earnings	-	-
Profit (loss) for the period	(9,081)	24,723
Tax-regulated provisions	2	24
Equity	**68,929**	**78,032**
Provisions for liabilities	84	91
Provisions for charges	4,271	3,431
Minority interest	-	-
Provisions for liabilities and charges	4,355	3,522
Financial liabilities		
Other bonds	-	-
Borrowings from financial institutions	214,736	171,600
Miscellaneous borrowings and financial liabilities	46,843	46,576
Advances & payments on account received on orders in progress	154	172
Trade payables		
Trade payables and related accounts	10,099	8,119
Tax and social security liabilities	11,904	11,425
Miscellaneous payables		
Amounts due on non-current assets and related accounts	-	-
Other financial liabilities	3,040	8,433
Prepaid income	595	901
Liabilities	287,371	247,227
Unrealized exchange gains	48	-
TOTAL Liabilities and equity	**360,703**	**328,781**

5.2 Income statement

5.2.1 Income statement Part I

In thousands of euros	**12/31/2019**	12/31/2018
Sales of goods held for resale, France	-	-
Sales of goods held for resale, outside France	-	-
Production of goods sold, France	16	26
Production of goods sold, outside France	-	-
Production of services sold, France	73,496	65,635
Production of services sold, outside France	2,369	2,238
Net revenue	75,881	67,899
Production transferred to inventory	-	-
Capitalized production	5,060	4,315
Reversals of depreciation, amortization and impairment, and transfers of expenses	1,596	2,494
Other income	842	698
Operating income (expense), net	83,379	75,406
Purchases of goods held for resale	-	-
Variations in inventories of goods held for resale and raw materials	-	-
Purchases of raw materials and supplies	-	-
Other external purchases and expenses	(46,133)	(45,290)
Taxes, duties, and similar levies other than on income	(1,322)	(1,448)
Wages and salaries	(21,915)	(20,389)
Payroll taxes	(10,124)	(9,171)
Depreciation and amortization of non-current assets	(4,817)	(4,594)
Allowances to provisions for current assets	(255)	(334)
Allowances to provisions for liabilities and charges	(1,863)	(814)
Other expenses	(214)	(220)
Operating expenses	(86,642)	(82,260)
Operating income, net	**(3,263)**	**(6,854)**

5.2.2 Income statement Part II

In thousands of euros	**12/31/2019**	12/312018
Financial income from investments	21,968	13,964
Other interest and related income	399	2,678
Reversals of provisions and transfers of expenses	7,138	7,371
Foreign exchange gains	1	13
Net gains on disposals of short-term investments	-	880
Financial income	29,506	24,906
Depreciation and allowances to provisions for financial items	(39,299)	(41,661)
Interest and related expenses	(6,855)	(6,237)
Foreign exchange losses	(19)	(4)
Financial expenses	(46,173)	(47,902)
Net financial income (expense)	**(16,667)**	**(22,996)**
Income before non-recurring items and tax	**(19,930)**	**(29,850)**
Non-recurring income on management operations	-	-
Non-recurring income on capital transactions	2,157	75,400
Reversals of provisions and transfers of expenses	22	36
Non-recurring income	2,179	75,436
Non-recurring expenses on management operations		-
Non-recurring expenses on capital transactions	(462)	(29,781)
Non-recurring expenses from depreciation, amortization, and allowances to provisions		-
Non-recurring expenses	(462)	(29,781)
Net non-recurring income (loss)	**1,716**	**45,655**
Employee profit-sharing	(727)	(556)
Income taxes	9,859	9,474
Total income	115,065	175,748
Total expenses	(124,146)	(151,025)
Profit (loss)	**(9,081**	**24,723**
Earnings per share (in euros)	(0.65)	1.77
Income before tax per share (in euros)	0.06	1.09
Income before special items and tax per share (in euros)	(1.42)	(2.13)

5.3 Notes to the parent company financial statements

5.3.1 Basis of accounting

The annual financial statements have been prepared in accordance with the provisions of French law and regulations.

General accounting principles have been applied in accordance with the principle of conservatism and the following principles:

- A going concern basis;
- The consistency of accounting methods from one fiscal year to another;
- The accrual principle.

Cost is the method used by default to measure items in the financial statements.

5.3.2 Methods applied

5.3.2.1 Intangible assets

Cegedim SA's intangible assets mainly consist of commercial goodwill, development costs, and software purchases.

Commercial goodwill

Commercial goodwill is recorded at cost and tested annually for impairment.

Development expenses

Cegedim incurs costs in connection with development of software and services platforms that either make up the offerings it markets to its clients or fill an internal need.

Development costs for new projects are capitalized where the following criteria are fully satisfied (CRC Regulation No. 2004-06):

- The technical feasibility necessary to complete the intangible asset in order to use it or sell it;
- The intention to complete the intangible asset and to use or sell it;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of appropriate resources (technical, financial, and other) to complete development and use or sell the intangible asset;
- The ability to reliably measure the costs related to the intangible asset during its development.

If one of these criteria is not satisfied, development costs are expensed in the fiscal year during which they are incurred.

Development costs include all expenses that can be directly related to the intangible asset (notably wages, outsourcing, and other directly related costs) that are necessary to create it, produce it, and prepare it so that it operates in accordance with the use planned by the management. These costs are recorded in the relevant expense account during the year. At the closing, they are transferred to development costs and an adjusting entry is made in the capitalized production account.

Amortization is calculated using the straight-line method from the date of initial use of the relevant asset and is calculated over its expected useful life.

Acquired assets

Acquired intangible assets are measured at cost and amortized using the straight-line method over their expected useful life.

They comprise intangible fixed assets (such as software purchased from outside companies) and property, plant, and equipment (mainly technical equipment and IT equipment).

Impairment testing

Although these intangible assets are amortized, their value is also monitored on an individual basis. This monitoring is based on indications of a possible loss in value, for example, in the expected productivity of the asset or commercial markets. If there is any indication of a loss in value, Cegedim SA performs an impairment test that may lead to recognition of an additional impairment loss. This test is based on assumptions concerning discount rates and future cash flows estimated based on the expected productivity of projects and their commercial markets.

5.3.2.2 Tangible assets

Tangible assets acquired are measured at cost and depreciated over their expected useful life. Cost is the basis used for computing depreciation. The useful life of these assets is reviewed periodically and may be adjusted prospectively as circumstances require.

Cegedim SA's property, plant, and equipment chiefly consist of IT equipment, fixtures, and fittings.

The depreciation periods and methods applied are generally as follows:

IT Equipment

- Desktop PCs: between three and four years; straight-line method.
- Server systems: between five and fifteen years; straight-line method.

Fixtures and fittings

Fixtures and fittings have a useful life of 8 to 15 years (8 years in most cases). Depreciation is calculated on a straight-line basis.

5.3.2.3 Investments and other securities

Financial assets are accounted for at their gross value. It reflects their cost, excluding incidental acquisition expenses.

Financial assets are tested for impairment when events occur that could cause a prolonged reduction in their value.

The goal of this test is to identify situations where their recoverable amount falls below their carrying amount. In this case, an impairment loss is recognized for the value of the difference.

Recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.

- An asset's value in use is calculated using either the share of the net position held in these investments or estimates of the present value of future cash inflows and outflows from the activities carried out by these investments, or as one year of revenue.
- An asset's fair value is calculated by reference to stock market peers or the results of recent transactions involving comparable companies operating in the same business sector.

5.3.2.4 Treasury shares

Treasury shares held pursuant to authorization granted by the General Meeting are measured at cost and recognized as financial assets or short-term investments, depending on their nature. An impairment loss is recognized if the average price over the last month of the fiscal year is lower than their purchase cost. The impairment loss reflects this difference.

That said, all the treasury shares held at December 31, 2019, are treasury shares intended for the Cegedim Group's managers and employees (see Note 23) and have thus been accounted for as short-term investments, and so there are no grounds for the recognition of any impairment.

5.3.2.5 Trade receivables

Receivables are stated at their nominal value.

An impairment loss is recognized when the fair value, based on the probability of collection, is lower than the carrying amount. Receivables due from clients in administration or court-ordered liquidation are thus systematically fully impaired, and those more than six months past due are monitored on a case-by-case basis and, if necessary, impaired to reflect the estimated collection risk.

5.3.2.6 Factoring agreement

On May 22, 2017, the Group entered into non-recourse factoring agreement with a French bank. The factoring agreement was open-ended, but either party could terminate it at any time, subject to a three-month notice period.

It covered the assignment of trade receivables denominated in euros and due from clients located in France. Cegedim SA had transferred a total of €3.7 million in trade receivables under the agreements at December 31, 2018.

The Group terminated the agreement in 2019.

5.3.2.7 Provisions and contingent liabilities

A provision is recorded where the Company has a present obligation as a result of past events, it is probable that an outflow of cash or other economic resources will be required to settle the provision, and the amount of the provision can be estimated reasonably. An obligation is classified as a provision where there is uncertainty regarding the timing and amount of the outflow of resources.

Provisions are estimated on a case-by-case basis or statistically when they include a large number of items. Cegedim's main provisions (excluding payments due upon retirement) have been set aside to cover employee, client, and supplier litigation.

5.3.2.8 Pension obligations

Cegedim SA applies the arrangements laid out in ANC recommendation No. 2013-02 dated November 7, 2013, on the measurement of pension obligations and similar benefits.

The Company's actuarial liabilities are calculated using the projected credit unit method on the basis of measurements that include assumptions concerning wage increases, inflation, life expectancy, employee turnover, and returns on the corresponding investments. Changes resulting from periodic adjustments to the actuarial assumptions listed above to reflect general financial and economic or demographic conditions are recognized in the income statement.

Pension obligations are recognized as a provision for charges, and Cegedim SA has elected to recognize actuarial gains and losses in the income statement.

Cegedim SA's obligations are partially covered by funds paid to an external financial partner; the value of these dedicated investments is therefore deducted from the total obligation on the liabilities side of the balance sheet.

5.3.2.9 Revenue recognition

Cegedim SA's revenue consists primarily of services, plus any sales of software and hardware.

Software and equipment sales

Sales arising from new unlimited or time-limited software licenses are recognized (provided that Cegedim does not have any other obligations) (1) when an agreement has been reached with the client, (2) delivery and acceptance have been completed, (3) the amount of the revenue and related expenses can be measured reliably, and (4) the economic benefits resulting from the transaction will flow to Cegedim. If one of these four criteria is not met, the recognition of revenue from the software license is deferred until all the criteria are met.

Service revenue

The main categories of services and methods of revenue recognition are as follows:

- Subscription payments generally have to be made for access to Cegedim databases, with charges billed periodically (monthly, quarterly or annually); revenue is then recognized on a linear basis over the considered period;
- Standard and specific studies provided by Cegedim are recognized upon delivery to clients;
- Data processing (projects) performed for clients is recorded on a pro rata temporis basis when the service is provided;
- Support services (assistance, maintenance, etc.) are generally provided under an annual contract on a flat-rate basis reflecting the costs incurred and resources actually deployed by Cegedim to deliver these services. Income from these contracts is recorded on a pro rata temporis basis over the term of the relevant contract.

5.3.2.10 Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their euro-equivalent value on the date of the transaction.

Assets and liabilities denominated in foreign currencies appear on the balance sheet at their euro-equivalent value at the end of the financial year. Gains and losses resulting from the translation of foreign currency assets and liabilities at the year-end exchange rate are shown in the balance sheet under "unrealized currency gains or losses". Unrealized, unhedged exchange losses are covered by a provision for risks.

5.3.2.11 Bond issue expenses

In 2016, the €7,608,000 in issue expenses incurred on the €200,000,000 RCF issue were deferred over the RCF's remaining life to reflect the arrangements for its redemption (i.e., by its maturity on March 30, 2021).

In 2018, the entire cost of issuing the €200 million RCF—i.e. €922,000—was written back.

The cost of issuing the new €135 million RCF and €65 million Euro PP—i.e. €549,000—was deferred over the remaining life of these facilities to reflect the arrangements for its redemption.

The amortization charge in financial year 2019 was €261,000.

5.3.2.12 Statutory Auditors' fees (Decree No. 2008-1487 dated December 30, 2008)

Information about the fees paid to the Statutory Auditors is disclosed in the notes to Cegedim SA's consolidated financial statements.

5.3.3 Additional information

Note 1 Non-current assets

In thousands of euros	**12/31/2018**	Pots-to-post Reclassifications	Acquisitions contributions	Disposals Exits	**12/31/2019**
Development costs	5,935	(5,700)	4,418	(462)	4,191
Other intangible assets(1)	33,187	6,122	90		39,399
Other intangible assets in progress	422	(422)	643		643
Intangible assets, gross	39,544	-	5,151	(462)	44,233
Buildings on land owned by third parties	-	-	-	-	-
Buildings & general installations	3,197	-	-	-	3,197
Plant and equipment	3,947	-	810	(114)	4,643
Office and IT equipment, furniture	597	-	118	-	715
Property, plant, and equipment in progress	-	-	-	-	-
Property, plant, and equipment, gross	7,741	-	928	(114)	8,555
Other investments	406,450	6,982	25,115	(28)	438,519
Loans and other financial assets(2)	5,601	-	32,416	(725)	37,292
Financial assets, gross	412,051	6,982	57,531	(753)	475,811
Total non-current assets, gross	**459,336**	**6,982**	**63,610**	**(1,329)**	**528,598**

1) Over the course of 2019, Cegedim SA implemented internal development projects worth €5.7 million, and at the closing recorded a total of €4.191million of capitalized development costs for the period.

The main commercial project was the digitization platforms that underpin the e-business division's offering. The average amortization period for projects developed for this division is five years.

2) The "Other intangible assets" account consists mainly of:

- €5,071,000 in commercial goodwill carried at cost and tested annually for impairment;
- €30,313,000 in internally developed software;
- €3,520,000 in externally developed software.

3) The "Loans, other financial assets" account holds €1,853,000 in security deposits, €33,628,000 in loans to subsidiaries, and €1,811,000 in construction loans.

The standard characteristics of the loans granted to subsidiaries are:

- An annual interest rate of 1.4% for new loans to subsidiaries in and outside France;
- Various different terms;
- No automatic renewal clause or other specific clauses.

Note 2 Depreciation and amortization

In thousands of euros	12/31/2018	Allowances	Reversals	12/31/2019
Development costs	0			
Other intangible assets (1)	22,530	3,882		26,412
Other intangible assets in progress	0			
Amortization of intangible assets	22,530	3,882		26,412
Buildings on land owned by third parties	0			0
Buildings & general installations	2,663	266		2,929
Plant and equipment	2,722	378	(114)	2,986
Office and computer equipment	451	30		481
Depreciation of tangible assets	5,836	674	(114)	6,396
Total depreciation and amortization	**28,366**	**4,556**	**(114)**	**32,808**

In thousands of euros	Straight-line	Declining balance	Accelerated allowances	Accelerated reversals
Development costs				
Other intangible assets	3,882			
Other intangible assets in progress				
Intangible assets	3,882			
Buildings on land owned by third parties				
Buildings & general installations	266			
Plant and equipment	378			22
Office and computer equipment	30			
Tangible assets	674			
Total allowances	**4,556**			

(1) Amortization of internally developed software totaled €22,596,000 at 12/31/2019

Note 3 Provisions

In thousands of euros	**12/31/2018**	Allowances	Reversals used	Reversals not used	**12/31/2019**
Accelerated depreciation	24			(22)	2
Tax-regulated provisions	24			(22)	2
Provisions for litigation	45	45	(40)		50
Provision for currency losses	46	34		(46)	34
Provisions for pensions and related obligations	2,717	1,109	(506)		3,320
Provisions for shares awarded to employees	714	709		(472)	951
Other provisions for liabilities and charges	0				0
Provisions for risks on investment securities	0				0
Provisions for liabilities and charges	3,522	1,897	(546)	(518)	4,355
Investment securities (1)	137,946	39,154		(6,860)	170,241
Other financial assets	0				0
Provisions for inventories and work in progress	0				0
Provisions for impairment of trade receivables	1,483	255	(32)	(318)	1,388
Other provisions for impairment	232	111		(232)	111
Provisions for impairment of internally developed software	0				0
Provisions for impairment	139,662	39,520	(32)	(7,410)	171,740
Total provisions	143,208	41,417	(578)	(7,950)	176,097
Allowances to and reversals of provisions for operating items		2,118	(578)	(790)	
Allowances to and reversals of provisions for financial items		39,299		(7,138)	
Allowances to and reversals of provisions for non-recurring items				(22)	

Note 4 Maturity of assets and liabilities

In thousands of euros	Gross	Up to one year	Over one year
Accrued interest on investments			
Loans	35,439		35,439
Other financial assets	1,853		1,853
Doubtful or disputed trade receivables	84	84,	
Other trade receivables	22,544	22,544	
Employees and related	30	30	
Social security and other social agencies	3	3	
Government: corporate income taxes	2,116	2,116	
Government: value added tax	1,078	1,078	
Government: miscellaneous receivables	36	36	
Group and shareholders	3,987	3,987	
Miscellaneous receivables	438	438	
Prepaid expenses	921	921	
Total receivables	**68,529**	**31,237**	**37,292**
Loans granted during the fiscal year	32,079		
Repayments received during the fiscal year	253		

In thousands of euros	Gross	Up to one year	Between 1 and 5 years	Over five years
Other bonds				
Bank overdrafts	58,625	58,625		
Loans with an initial maturity of over 1 year	156,111	11,111		145,000
Miscellaneous borrowings and financial liabilities	46,843	108	1,641	45,094
Trade payables	10,099	10,099		
Employees and related	5,315	5,315		
Social security and other social agencies	1,977	1,977		
Government: value added tax	3,639	3,639		
Government: other income tax, and other related taxes	973	973		
Group and shareholders	2,079	2,079		
Other financial liabilities (1)	961	961		
Prepaid income	595	595		
Total financial liabilities	**287,217**	**95,482**	**1,641**	**190,094**
Borrowings arranged during the fiscal year	44,661			
Borrowings repaid during the fiscal year	1,258			

Note 5 Financial debt

In thousands of euros	12/31/2019	12/31/2018
Long-term financial borrowings and financial liabilities (> 5 years)	190,094	180,094
Medium-term borrowings and financial liabilities (> 1 year, < 5 years)	1,641	1,381
Short-term borrowings and financial liabilities (> 6 months, < 1 year)	1,111	
Short-term borrowings and financial liabilities (> 1 month, < 6 months)	108	1,224
Short-term borrowings and financial liabilities (< 1 month)	10,000	
Bank overdrafts	58,625	35,477
Total financial liabilities	261,579	218,176,
Cash	5	92
Net financial debt	**261,574**	**218,084**

Financing

In May 2007, Cegedim borrowed €50.0 million, the FCB Loan, from its largest shareholder, FCB. During the December 2009 capital increase, FCB subscribed for €4.9 million equivalent in shares as a redemption of a portion of the debt, which decreased the balance of the FCB Loan to €45.1 million. On October 9, 2018, the FCB Loan was amended in order to subordinate it to the €135 million Euro PP bond and to the €65 million new bank revolving credit, and to extend the maturity date and modify the applicable interest rate.

On October 8, 2018, Cegedim issued a private placement Euro PP, maturing on October 8, 2025, for an amount of €135 million.

On October 9, 2018, the Group arranged a bank revolving credit facility (RCF) of €65 million maturing on October 9, 2023 with a one-year extension option.

The entire balance of the €200 million RCF was redeemed early on October 9, 2018, i.e. €115 million.

At December 31, 2019, the debt was structured in the following manner:

- €135 million Euro PP maturing on October 8, 2025;
- €65 million revolving credit, of which €20 million was drawn; maturing on October 9, 2023;
- €45.1 million FCB Loan maturing on November 20, 2025.

The Group also had factoring lines, of which it had used €3.7 million as of December 31, 2018. As of December 31, 2019, all the factoring lines had been terminated.

Exposure of the debt to fluctuations in euro interest rates has been partially hedged by a euro rate hedge.

As of December 31, 2019, the Group's hedging against euro interest rate movements consists of two zero-premium swaps in which it receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, maturing February 28, 2021.
- 0.2750% for a notional amount of €30 million, maturing December 31, 2020.

The notional amount hedged at December 31, 2018, is €80.0 million.

Interest expense on bank loans, bonds, charges, and commissions totaled €5 million at December 31, 2019.

In accordance with the ANC 2015-05 regulation of July 2, 2015, hedging gains and losses are recognized under financial expenses in the same period and manner as interest on the hedged bonds.

Note 6 Bond issue costs

In thousands of euros	12/31/2018	Increase	Allowances	12/31/2019
Bond issue costs	1,489		261	1,228

In 2016, issue expenses related to the €200 million RCF, i.e. €1,422,000, were deferred over the remaining maturity of the loan to reflect the arrangements for its redemption (i.e., through to its maturity date on March 30, 2021).

In 2018, all issue expenses related to the €200 million RCF, i.e. €1,922,000, were written back.

Issue expenses related to the €135 million Euro PP and €65 million RCF, i.e. €1,549,000, were deferred over the remaining maturity of the loan to reflect the arrangements for its redemption.

The deferred amount in fiscal year 2019 was €261,000.

Note 7 Pension obligations

In thousands of euros	Through an insurance fund	Through a provision for charges
Pension plan obligations	1,831	3,320

When employees retire, they receive a retirement benefit as specified in the collective bargaining agreements.

An actuarial plan has been set up to fund the obligations arising from these benefits. The total obligation stands at €5,189,431, of which €1,830,796 is covered by payments to an insurance company.

The actuarial assumptions used are as follows:

Economic assumptions

Net interest rate: 0.8477 %

Rate of salary inflation: 2.5 % including inflation.

Demographic assumptions

Mortality: Insee 2012–2016 tables for males/females

Turnover rate: 8.5% per year up to the age of 35

5% after the age of 45

2.8% up to the age of 50

1% for employees aged 51 or over

Retirement age: voluntary retirement at 65 years of age for non-management grade employees.

Retirement age: voluntary retirement at 65 years of age for management-grade employees.

Collective bargaining agreement

Cegedim falls under the purview of the national collective bargaining agreement for the pharmaceutical industry.

Note 8 Statement of changes in equity

In thousands of euros	Share capital	Premiums	Statutory reserve	Regulated reserves	Other reserves	Retained earnings	Profit (loss) for the period	Tax-regulated provisions	**Total**
At 12/31/2014(1)	13,337	241,706	1,334	322	650	0	(201,101)	1,217	57,464
Capital increase									0
Reduction in capital									0
2014 profit (loss)		(201,101)					201,101		0
Dividends									0
Retained earnings									0
Reclassification of reserves				707	(707)				0
Unrecognized prior service cost									0
Tax-regulated provisions								(1,137)	(1,137)
2015 profit (loss)							(10,613)		(10,613)
At 12/31/2015(1)	13,337	40,605	1,334	1,029	(57)	0	(10,613)	80	45,714
Capital increase									0
Reduction in capital									0
2015 profit (loss)		(10,613)					10,613		0
Dividends									0
Retained earnings									0
Reclassification of reserves				(598)	598				0
Unrecognized prior service cost									0
Tax-regulated provisions								(8)	(8)
2016 profit (loss)							4,366		4,366
At 12/31/2016(1)	13,337	29,992	1,334	431	541	0	4,366	72	50,071
Capital increase									0
Reduction in capital									0
2016 profit (loss)					4,366		(4,366)		0
Dividends									0
Retained earnings									0
Reclassification of reserves				(166)	166				0
Unrecognized prior service cost									0
Tax-regulated provisions								(12)	(12)
2017 profit (loss)							3,285		3,285
At 12/31/2017(1)	13,337	29,992	1,334	265	5,072	0	3,285	60	53,345
Capital increase									0
Reduction in capital									0
2017 profit (loss)					3,385		(3,285)		0
Dividends									0
Retained earnings									0
Reclassification of reserves				3,628	(3,628)				0
Unrecognized prior service cost									0
Tax-regulated provisions								(36)	(36)
2018 profit (loss)							24,723		24,723
At 12/31/2018(1)	13,337	29,992	1,334	3,893	4,729	0	24,723	24	78,032
Capital increase									0
Reduction in capital									0
2018 profit (loss)					24,723		(24,723)		0
Dividends									0
Retained earnings				(261)	261				0
Reclassification of reserves									0
Unrecognized prior service cost									0
Tax-regulated provisions								(22)	(22)
2019 profit (loss)							(9,081)		(9,081)
At 12/31/2019(1)	13,337	29,992	1,334	3,632	29,713	0	(9,081)	2	68,929

(1) Equity prior to appropriation.

Note 9 Items recognized under several balance sheet and income statement items

In thousands of euros	Consolidated companies	Investments	Affiliates
Non-current assets			
Dividends due			
Investments	437,307	1,212	
Loans			
Current assets			
Trade receivables and related accounts	4,200	3,991	133
Other receivables	3,989		23
Liabilities			
Financial liabilities	(948)		(45,103)
Trade payables and related accounts	(2,782)	(1,263)	(1,115)
Other financial liabilities	(2,516)		(38)
Financial			
Financial expenses	(304)	(4)	(1,308)
Financial income	399		
Operating			
Management fees			(2,035)
Rent	(33)		(5,499)

Note 10 Revenue breakdown

In thousands of euros	**Revenue, France**	**Revenue, outside France**	**Total revenue at 12/31/2019**
Sales of goods held for resale	-	-	-
Production of goods	16	-	16
Production of services	73,496	2,369	75,865
Total revenue	**73,512**	**2,369**	**75,881**

Note 11 Breakdown of accrued income

In thousands of euros	**12/31/2019**
Dividends due	-
Accrued interest on investments	-
Trade receivables, unbilled receivables	3,595
Trade receivables and related accounts	3,595
Suppliers, credit notes due	98
Amounts due from employees	-
VAT and amounts due from government	37
Subsidiaries, repayment of capital due	-
Other receivables	135
Total accrued income	**3,730**

Note 12 Breakdown of accrued expenses

In thousands of euros	12/31/2019
Accrued interest payable on borrowings	1,111
Accrued interest payable on investments	26
Borrowings and financial liabilities	1,137
Suppliers, accruals for goods and services received but not invoiced	2,935
Trade payables and related accounts	2,935
Provision for paid leave	2,313
Reduced work time provision	511
Provision for CET leave	45
Other accrued personnel expenses	1,797
Government, VAT, and accrued expenses	895
Tax and social security liabilities	5,561
Subsidiaries, capital repayment due	-
Accrued expenses	86
Trade receivables–credit notes due	66
Total	**9,785**

Note 13 Breakdown of prepaid expenses and income

In thousands of euros	12/31/2019
Tolling	24
Rent & rental expenses	33
Software royalties	183
Software maintenance	274
Subscriptions	34
Training	13
Advertising	10
Payroll costs	43
Recruitment	275
Other	32
Total prepaid expenses	**921**
Service revenue	595
Financial income	
Total prepaid income	**595**

Note 14 Non-recurring expenses and income

In thousands of euros	12/31/2019
Penalties, tax and criminal fines	-
Carrying amount of intangible assets sold	462
Carrying amount of tangible assets sold	-
Carrying amount of financial assets sold	-
Other non-recurring charges	-
Accelerated depreciation and amortization	-
Total non-recurring expenses	**462**
Gain on disposal of intangible assets	462
Gain on disposal of tangible assets	-
Gain on disposal of financial assets	-
Other non-recurring income	1,695
Reversal of accelerated depreciation	22
Reversal of non-recurring impairment losses	-
Reversal of impairment of investments and related risks	-
Total non-recurring income	2,179

Note 15 Net financial income (expense)

In thousands of euros	12/31/2019	12/31/2018
Allowances/reversals for financial items[1]	(32,161)	(34,290)
Interest expense and income	(6,442)	(3,642)
Dividends received	21,968	13,964
Other financial income and expense (incl. foreign exchange gains and losses)[2]	(32)	972
Net financial income (expense)	**(16,667)**	**(22,996)**

(1) Mainly comprises impairment losses on investment securities as stated in Note 3

Note 16 Tax consolidation group

Cegedim SA is the ultimate controlling party of the Group.

The following companies are members of Cegedim SA's tax consolidation group:

– Alliadis, Alliance Software, CLM, Cegedim Activ, Cegedim Cloud, Cegedim Ingénierie, Cegedim Outsourcing, Cegedim SRH, Cetip, Docavenue, Futuramedia Group, GERS SAS, Incams, Medexact, Pharmastock, Resip, CMedia, RMI, Cegedim holding Santé(ex Sofiloca), Cegedim SRH Montargis, I Assurances, Santestat, Rue De La Paye.

The tax consolidation group generated total taxable income of €17,278,000 at December 31, 2019.

The taxable expenses totaled €14,889,000 and were those incurred by the tax consolidation group's companies in profit.

Cegedim, the parent company, recorded a taxable income of €14,889,000, corresponding to the tax benefit arising from the loss-making consolidated subsidiaries, capped at the amount of the income tax expense.

Note 17 Analysis of income taxes

In thousands of euros	Profit before tax	Tax due	Net profit after tax
Income before non-recurring items	(19,930)	(5,030)	(24,960)
Tax benefit		14,889	14,889
Short-term non-recurring income (expense)	1,716		1,716
Employee profit-sharing	(727)		(727)
Tax related to past fiscal years			
Withholding tax			
Book profit	**(18,940)**	**9,859**	**(9,081)**

Note 18 Deferred taxes

The following expenses deductible for tax purposes in future fiscal years were incurred in the 2019 fiscal year:

- Organic levy: €85,000;
- Investments: €727,000;
- Provision for retirement benefits: €1,109,000;
- Other provisions not deductible for tax purposes: €234,000.

Deferred taxes corresponding to €742,000 (with an income tax rate of 34.43%).

Note 19 Expenses not deductible for tax purposes

Pursuant to the provisions of articles 223 *quater* and 223 *quinquies* of the French General Tax Code, it should be noted that the financial statements for the year ended include €539,354 of expenses not deductible for tax purposes. The tax corresponding to said expenses and charges amounted to €185,700.

Note 20 Advances paid to senior executives

Pursuant to article L. 225-43 of the French Commercial Code, no advances or loans were granted to the Company's senior executives.

Note 21 Remuneration of senior executives and directors

Directors' fees paid to Board members came to €148,000 in 2019 and are recorded under "Other expenses" in the income statement.

In thousands of euros	**12/31/2019**	**12/31/2018**
Short-term benefits (wages, bonuses, etc.)	(1,319)	(1,095)
Post-employment benefits	None	None
Severance pay	None	None
Benefits recognized	**(1,319)**	**(1,095)**
Termination benefits	None	None
Benefits not recognized	**None**	**None**

Note 22 Breakdown of share capital

Shareholders	No. of shares held	% held	No. of single votes	No. of shares with double voting rights	No. of votes counting double	Total votes	% of voting rights
FCB	7,430,368	53.08%	44,779	7,385,589	14,771,178	14,815,957	67.78%
Bpifrance Participations	419,915	3.00%	0	419,915	839,830	839,830	3.84%
Free float	6,016,658	42.98%	5,960,392	56,266	112,532	6,072,924	27.78%
Cegedim[1]	130,232	0.93%	0	0	0	0	0.00%
Total	**13,997,173**	**100.00%**	**6,005,171**	**7,861,770**	**15,723,540**	**21,728,711**	**99.40%**

(1) Including the liquidity contract

Class of shares	Number of shares				Nominal value	
	At end of fiscal year	Issued during the fiscal year	Issued through stock split	At beginning of the fiscal year	At end of fiscal year	At beginning of the fiscal year

Common shares	13,997,173	13,997,173	0.9528	0.9528

Note 23 Treasury shares

2,880 shares with a value of €112,000 were definitively awarded in January 2019 under the plan dated January 28, 2016.

11,092 shares with a value of €430,000 were definitively awarded in June 2019 under the plan dated June 20, 2017.

Note 24 Identity of Cegedim's parent company: FCB

137 rue d'Aguesseau 92100 Boulogne Billancourt

Siren code: 340 651 132

A corporation (SA) held primarily by Mr. Labrune, his family, and by certain members of the Board of Directors of Cegedim SA.

Note 25 Free share awards

The Board of Directors acted on January 28, 2016, on the authorization given by the Extraordinary Shareholders' Meeting of November 16, 2015, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The Board of Directors acted on June 21, 2017, on the authorization given by the Extraordinary Shareholders' Meeting of November 16, 2015, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The Board of Directors acted on June 28, 2018, on the authorization given by the Extraordinary Shareholders' Meeting of June 19, 2018, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The Board of Directors acted on January 29, 2019, on the authorization given by the Extraordinary Shareholders' Meeting of June 19, 2018, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The main characteristics of these plans are as follows:

- The free shares awarded will carry the right to receive dividends, payment of which has been decided upon at their date of grant.
- The plan dated January 28, 2016, authorized a maximum award of 28,038 free shares.
- The plan dated June 21, 2017, authorized a maximum award of 19,540 free shares.
- The plan dated June 28, 2018, authorized a maximum award of 21,790 free shares.
- The plan dated January 29, 2019, authorized a maximum award of 22,190 free shares
- For the 2016, 2017, and 2018 plans, the award of these shares to grantees will become final after a vesting period of two years for grantees whose residence for tax purposes is in France at the award date, and of three years for grantees whose residence for tax purposes is not in France at the award date.
- The shares will be permanently awarded to grantees subject to a single condition: no resignation, dismissal, or layoff.
- Effective the final award date, grantees whose residence for tax purposes is in France at the award date must hold their shares for a lock-up period of one year.

The expense measuring the benefit granted to employees is recognized on a straight-line basis over the vesting period.

At the year-end date of December 31, 2019, Cegedim SA recognized a provision of €951,000 in its financial statements.

Note 26 Workforce

	12/31/2019
Management	244
Non-management	102
Trainees	7
Corporate officers	3
Total salaried staff	**356**

Note 27 Off-balance sheet commitments

Guarantees given by Cegedim to its subsidiaries

- One-year authorization for all subsidiaries to provide security deposits, endorsements, and other guarantees for an overall amount of €10 million, with no single commitment exceeding €4 million (authorization of the Board of Directors on March 20, 2018).

Note 28 Other income

Other income consists of €597,000 recharged to subsidiaries in relation to the free shares plan and €244,000 in miscellaneous current income.

Note 29 Transfers of expenses

The €228,000 in transfers of expenses consist mainly of expenses recharged to subsidiaries.

Note 30 Highlights of the fiscal year

Acquisition of XimantiX in Germany

On January 21, 2019, Cegedim acquired German company XimantiX. Building on its presence in the digitalization markets in Belgium, France, the UK, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope.

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019. Ximantix owns a subsidiary, DDL.

Acquisition of BSV in France

On January 31, 2019, Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR) and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

Acquisition of RDV Médicaux in France

On February 20, 2019, Cegedim acquired French company RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system.

RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

Acquisition of NetEDI

In August 2019 Cegedim acquired UK company NetEDI, a major provider of e-procurement (using the PEPPOL EDI system) and e-invoicing for the UK National Health System. Building on the BSV and Ximantix acquisitions, the addition of NetEDI strengthens Cegedim e-business' ability to work with its clients internationally.

NetEDI generated revenues of €2.8 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

Tax

On February 21, 2018, Cegedim S.A. received official notice that the French tax authorities planned to perform an audit of its financial statements for the period from January 1, 2015, to December 31, 2016. The Group received the statement of tax adjustment on April 16, 2019. Cegedim replied on June 14, 2019, and based on its reply, the tax authorities rescinded the first proposal and made a second proposal on September 9, 2019. After reviewing Cegedim's response, the authorities notified the Group in a letter dated February 25, 2020, that it would make no changes to the adjustment. After consultation with its lawyers and based on ample precedent, the Group still believes that the adjustment is unwarranted and has appealed the decision to a higher administrative authority.

The maximum tax liability Cegedim faces as a result of the current audit is €9 million.

Euris litigation

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. IQVIA has appealed that decision. Euris is claiming €150 million in damages. After consulting its external legal counsel, the Group has decided not to set aside any provisions.

Tessi lawsuit

On September 17, 2019, the Paris Court of Appeals overturned the Commercial Court's ruling and reduced Cegedim's penalty for financial damages resulting from the breach of a contract of sale to €2.9 million from €4.6 million. Tessi repaid Cegedim the sum of €1.7 million during the fourth quarter of 2019.

Director appointed to Cegedim SA's board

At the annual general meeting on August 30, 2019, shareholders appointed Ms. Catherine Abiven to a six-year term as a director. Her term will expire following the AGM held to approve the financial statements for the year 2024.

Other than the items cited above, to the best of the Company's knowledge, there were no events or changes during the period liable to materially affect the Group's financial situation.

Note 31 Post-closing events

Covid-19 epidemic

Faced with the recent development of the coronovirus and the covid-19 epidemic, and their effects on the European economy, the Group has activated its continuity plans and is closely monitoring any impact on its activities. However, at this stage, it is too early to fully assess the impact on Cegedim's operations and financial results, so it is impossible to comment on the 2020 outlook.

5.3.4 List of shareholdings

At December 31, 2019

Company	Number of shares	% owned	Net value
Companies owned in France			
Alliadis	8,161	100.00%	8,181,706
Alliance Software	102,500	100.00%	4,193,486
BSV	1,000	100.00%	1,888,969
Cegedim Activ	873,900	100.00%	48,366,000
Cegedim Assurances Conseil	10,000	100.00%	5,000,000
Cegedim Cloud	799,276	92%	7,000,100
Cegedim Logiciel Medicaux	1,000	100.00%	34,082,691
Cegedim Outsourcing	25,000	100.00%	4,527,351
Cegedim SRH	9,776,601	100.00%	12,450,632
Cetip	39,340	99.74%	1,215,767
Docavenue	1,000	100.00%	2,000,000
Edipharm	200	20.00%	3,049
Gers SAS	50	100.00%	1,871,428
I-assurances	10	100.00%	505,,100
Incams	2,500	100.00%	7,730,753
Isiakle GIE	833	16.66%	8,330
Medexact	6,549	100.00%	654,900
Pharmastock	5,000	100.00%	424,733
Resip	1,600	100.00%	20,434,710
C-Media	26,000	100.00%	29,964,694
Cegedim Holding Santé	1,000	100.00%	182,120
SCI 2000	159	68.83%	846,739
Netfective Technology	130,725	5.20%	898,888
Nex & Com	240	20.00%	13,332
Ceido	417	15.01%	300,240
Companies owned outside France			192,745,717
Activus	300	100.00%	3,870,144
InPractice Systems (Angleterre)	14,000,000	100.00%	1
Thin (Angleterre)	100	100.00%	0
Cegedim World Int. Services Ltd	60,000,000	100.00%	20,308
Cegedim Internal Services Ltd	60,000,000	100.00%	56,169,029
Croissance 2006 (Belgique)	13,781	100.00%	6,242,793
Cegedim Belgique	2,999	99.97%	999,768
Cegedim Outsourcing Maroc	1	0%	100
Cegedim Egypte	999	99.90%	4,807
Ximantix Software Gmbh	150,000	100.00%	8,225,949
Total investments, net			**268,278,617**

Company	Number of shares	% owned	Net value
Other long-term securities	II		
French companies			
Listed securities			None
Companies outside France			None
Short-term investments	III		
Shares allocated to employees			3,632,258
Kepler Cheuvreux liquidity contract			500,000
Total	**I + II + III**		**272,410,875**

5.3.5 Table of subsidiaries and investment holdings over 50%-owned subsidiaries

Subsidiary	Share capital[1]	Equity other than share capital[1]	% control	Book value of shares held, gross	Provision for impairment in securities	Net value of shares held	Loans and advances granted but not repaid, net	Revenue excluding VAT[2]	Profit (loss) for the period[2]	Dividends received
Cegedim Outsourcing	2,500	1,145	100.00	5,553	1,026	4,527		19,402	888	733
Gers SAS	50	6,847	100.00	1,871	0	1,871		42,771	4,911	2,087
Cetip	749	23,648	99.74	1,216	0	1,216		66,604	2,998	826
SCI 2000	4	420	68.83	847	0	847	400	95	(32)	
Incams	8,038	(291)	100.00	10,626	2,895	7,731		2,353	16	
Pharmastock	576	(234)	100.00	576	151	425		1,409	(83)	
Docavenue	2,000	(10,368)	100.00	2,000	0	2,000	8,800	1,223	(8,867)	
Cegedim Logiciels Médicaux	13,550	14,216	100.00	43,117	9,034	34,083		34,387	6,610	6,317
Cegedim SRH	7,000	6,031	100.00	12,451	0	12,451	14,000	66,492	5,511	4,791
C-Media	28,030	1,686	100.00	29,965	0	29,965		36,101	1,576	1,136
Cegedim Holding Santé	124	34	100.00	1,115	933	182	2,900	35	(24)	
Medexact	37	2,180	100.00	655	0	655		5,222	375	274
Cegedim Activ	31,689	29,327	100.00	48,366	0	48,366	3,000	70,926	2,191	
Resip	159	3,146	100.00	20,435	0	20,435		10,542	2,935	3,328
Alliadis	11,547	(10,012)	100.00	67,224	59,043	8,182		28,501	(5,141)	
Alliance Software	6,960	(2,767)	100.00	15,962	11,769	4,193	1,220	22,433	(1,608)	
I-Assurances	505	(301)	100.00	505	0	505		4,299	(267)	
Cegedim Cloud	8,688	2,569	92.00	7,000	0	7,000		31,520	2,222	2,398
Cegedim Assurances Conseil	5,000	259	100.00	5,000	0	5,000		2,632	259	
BSV	125	129	100.00	1,889	0	1,889		1,370	(122)	
Activus	0	(67)	100.00	11,279	7,409	3,870	1,275	9,690	(1,407)	
Cegedim Belgique	1,000	932	99.97	1,000	0	1,000		20	(14)	
Croissance 2006 Belgique	1,378	8,325	100.00	6,243	0	6,243		0	114)	
Cegedim World Int.Services Ltd	73,982	(73,962)	100.00	73,982	73,962	20		385	(78,589)	
Cegedim Internal Services Ltd	60,000	135	100.00	60,000	3,831	56,169		0	135	
Thin	1	(896)	100.00	188	188	0		712	(6)	
INPS	16,455	24,661	100.00	1	0	1		21,572	299	
Cegedim Egypte	6,	(17)	99.90	5	0	5	696	822	18	
Ximantix	150	381	100.00	8,226	0	8,226		2,143	(148)	
Total, subsidiaries more than 50%-owned				**437,297**	**170,241**	**267,057**	**32,291**	**483,661**	**(65,250)**	**21,890**

5.3.6 Table of subsidiaries and investment holdings subsidiaries less than 50%-owned

Subsidiary	Share capital[1]	Equity other than share capital[1]	% control	Book value of shares held, gross	Provision for impairment in securities	Net value of shares held	Provision for loans and advances granted, but not repaid	Provision for risk	Revenue excluding VAT[2]	Profit (loss) for the period[2]	Dividends received
Edipharm	15	449	20,00	3	0	3			11,796	394	68
Netfective Technology	626	20,839	5.22	899	0	899			7,807	1,972	
Cegedim Outsourcing Maroc	214	380	0	0	0	0			3,550,	30	
CEIDO [3]	167	1,374	15.00	300	0	300			1,724	77	10
NEX & COM [4]	500	252	20,00	13	0	13			2,232		
ISIAKLE	50	0	16.66	8	0	8			0	0	
Total, subsidiaries less than 50%-owned											
Total				**1,223**	**0**	**1,223**			**27,109**	**2,473**	**78**

(1) The share capital and equity of subsidiaries not located in the euro zone are stated at their equivalent value in thousands of euros at the historical dates.
(2) Revenues and earnings for subsidiaries not located in the euro zone are stated at their equivalent value in thousands of euros at the annual average exchange rate for 2019.
(3) 2018 revenue, profit and equity.
(4) Not disclosed, for guidance purposes, 2015 revenues stood at €2,232,000.

5.4 Statutory Auditors’ report on the annual financial statements

CEGEDIM

Fiscal year ended December 31, 2019
To Cegedim’s General Meeting,

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying annual financial statements of Cegedim SA for the fiscal year ended on December 31, 2019.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2017, and of the results of its operations for the year then ended in accordance with French generally accepted accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Audit standards

We conducted our audit in accordance with generally accepted professional standards in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the “Auditors’ responsibilities for the audit of the annual financial statements” section of this report.

Independence

We performed our audit from January 1, 2019, to the date of issue of our report, in compliance with the independence rules applicable to us. We did not provide any of the services prohibited under Article 5, paragraph 1 of EU regulation No. 537/2014 or by the French Code of Ethics for Statutory Auditors.

Justification of our assessments–Key audit matters

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we hereby bring to your attention the key audit matters relating to the risks of material misstatement that, according to our professional judgment, were the most significant for the audit of the annual financial statements, as well as the solutions we have put forward to address such risks.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not express an opinion on specific items of the annual financial statements.

Measurement of equity security

(Sections 5.3.2.3 and 5.3.3 - Note 1 and 3 to the annual financial statements)

<u>Risk identified</u>

At December 31, 2019, the net carrying amount of the Company’s non-current financial assets totaled €306 million. That compares to €361 million in total assets, including €268 million in other investments and €438 million in loans and other financial assets.

As stated in Section 5.3.2.3 of the notes to the financial statements, investments are recognized at cost less incidental acquisition expenses, and an impairment loss is recognized if their recoverable amount falls below their carrying amount. The recoverable amount is defined as the higher of fair value less costs to sell and value in use:

- an asset’s value in use is calculated using either the share of the net position held in these investments or estimates of the present value of future cash inflows and outflows from the activities carried out by these investments or one year of revenue;
- an asset’s fair value is calculated by reference to stock market peers or the results of recent transactions involving comparable companies operating in the same business sector.

Given the high percentage of total assets accounted for by financial assets and the judgment used by management to assess the recoverable amount, we considered the measurement of financial assets to be a key audit matter.

<u>Our response</u>

Our work involved:

- assessing the reasonableness of the key assumptions used to calculate the estimated recoverable amount, which included growth in the business, cash flow forecasts, and the discount rate;
- comparing the value of financial assets with their recoverable value;
- examining the fairness of the information provided in Sections 5.3.2.3 and 5.3.3, Notes 1 and 3 to the annual financial statements.

Measurement and recognition of development costs and internal software recognized as assets

(Section 5.3.2.1 and 5.3.3 – Note 1, 2 and 3 of the notes to the annual financial statements)

Risk identified

At December 31, 2019, the net carrying amount of development and internal software costs amounted to €12 million, compared with the Company's €361 million in total assets.

The development costs for new projects are capitalized only when the criteria laid down in the French Accounting Regulation Committee's regulation no. 2004-06 and stated in Section 5.3.2.1 of the notes to the financial statements are met. Amortization is calculated using the straight-line method from the date of initial use of the relevant asset and is calculated over its expected useful life.

The Company ensures, either at the end of each fiscal year or whenever an indication of impairment has been identified, that the carrying amount of these assets does not exceed their recoverable amount.

We have considered the measurement and recognition of development costs as assets to be a key audit matter given their importance on the balance sheet and the estimates and assumptions used to determine their recoverable amount, invariably based on discounted cash flow forecasts, the realization of which is by nature uncertain.

Our response

Our work included:

- assessing the procedures for examining the criteria for capitalizing development costs in light of the accounting standards in force;
- familiarizing ourselves with and testing the key controls put in place by the Company to cover the internal control process for the capitalization and monitoring of development costs and internal software;
- verifying, using sampling techniques, that the amounts of development costs capitalized over the fiscal year are consistent with the supporting accounting evidence;
- familiarizing ourselves with and assessing the reasonableness of the data and assumptions used by management to establish the cash flow forecasts on a selection of projects, including, but not limited to, the commercial life, depreciation period, sales, profit margin, and discount rate, by holding discussions with management and by comparing future cash flows to past performance;
- performing our own sensitivity calculations;
- examining the fairness of the information provided in Sections 5.3.2.3 and 5.3.3 - Notes 1, 2, and 3 to the annual financial statements.

Specific verifications

We also performed the specific verifications required by legal and regulatory texts in accordance with generally accepted professional standards in France.

Information provided in the Management Report and in the other documents sent to shareholders on the financial position and the annual financial statements

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' management report and in the other documents sent to shareholders on the financial position and the annual financial statements.

We attest that the information regarding payment terms cited in Article D. 441-4 of the French Commercial Code is fairly presented and consistent with the annual financial statements.

Corporate governance report

We confirm that the Board of Directors' report on corporate governance contains the information required pursuant to articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

We verified that the information provided pursuant to article L. 225-37-3 of the French Commercial Code on the compensation and benefits paid or awarded to corporate officers and the commitments given to them is consistent with the financial statements and/or with the data used to prepare them and also, where appropriate, with the information obtained by our Company from companies controlled by it, that are included in the consolidated scope. Based on this work, we can confirm the accuracy and fair presentation of this information.

Other disclosures

In accordance with the law, we have verified that the requisite disclosures concerning acquisitions of shareholdings and controlling interests are provided in the management report.

Disclosures arising from other statutory and regulatory requirements

Appointment of auditors

Mazars was appointed as Cegedim SA's Statutory Auditor by the General Meeting of April 23, 2002, and KPMG was appointed by the General Meeting of June 18, 2019.

At December 31, 2019, Mazars was in its 18th consecutive year as statutory auditor, and KPMG was in its first year.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation of annual financial statements that give a true and fair view in accordance with French generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the company's ability to continue as a going concern, for disclosing matters related to the going concern, and for the appropriate application of the going concern basis of accounting, unless the plan is to liquidate the company or to cease trading.

The Audit Committee is responsible for monitoring the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit of procedures related to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the annual financial statements

Audit objective and procedure

Il It is our duty to prepare a report on the annual financial statements. Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with the standards of professional practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial statements.

As specified by article L. 823-10-1 of the French Commercial Code, our engagement to audit the financial statements is not a guarantee of the viability or the quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, we exercise our professional judgment throughout an audit. Furthermore:

- we identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- we evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our Statutory Auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, we issue an unqualified opinion or refuse to issue an opinion;

- we evaluate the overall presentation, structure, and content of the annual financial statements, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report to it, if necessary, on any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the financial year and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set forth in particular by articles L. 822-10 to 822-14 of the French Commercial Code and the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, March 19, 2020	Courbevoie, March 19, 2020
KPMG S.A.	Mazars
Vincent de Becquevort	Jean-Philippe Mathorez
Partner	*Partner*

5.5 Five-year financial summary

Reporting date	**12/31/2019**	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Duration of the financial year (months)	12	12	12	12	12
Share capital at the end of fiscal year					
Share capital	13,336,506	13,336,506	13,336,506	13,336,506	13,336,506
Number of					
ordinary shares	13,997,173	13,997,173	13,997,173	13,997,173	13,997,173
preferred shares			-	-	-
Maximum number of shares to be issued			-	-	-
through bond conversions			-	-	-
through subscription rights			-	-	-
Operations and earnings					
Revenue excluding VAT	75,880,873	67,898,751	61,176,229	51,812,477	60,862,440
Earnings before tax, profit sharing, and allowances to depreciation, amortization, and provisions	19,493,059	(24,192,248)	(63,515,232)	22,657,316	(420,044,403)
Income taxes	(9,859,189)	(9,473,969)	(8,433,578)	(10,946,477)	(12,220,826)
Employee profit sharing	726,824	555,579	429,363	347,815	245,870
Allowances to depreciation, amortization, and provisions	37,706,316	(39,996,965)	(58,796,615)	28,890,121	(397,455,908)
Profit (loss)	(9,080,892)	24,723,107	3,285,598	4,365,856	(10,613,539)
Distributed earnings				-	-
Earnings per share					
Earnings after tax, profit sharing, and before allowances to depreciation, amortization, and provisions	2.05	1.09	(3.97)	2.38	(29.15)
Earnings after tax, profit sharing, and allowances to depreciation, amortization, and provisions	(0.65)	1.77	0.23	0.31	(0.76)
Dividend				-	-
Employees					
Number of employees at December 31	343	336	292	279	266
Payroll	21,915,011	20,388,715	18,517,287	17,565,304	19,431,016
Employee benefits (social security, welfare institutions, etc.)	10,123,648	9,171,033	8,275,316	7,918,830	8,497,931

05

Parent company financial statements

FY 2019

06

SNFP for 2019 Cegedim Group

6.1 Cegedim Group overview and core values

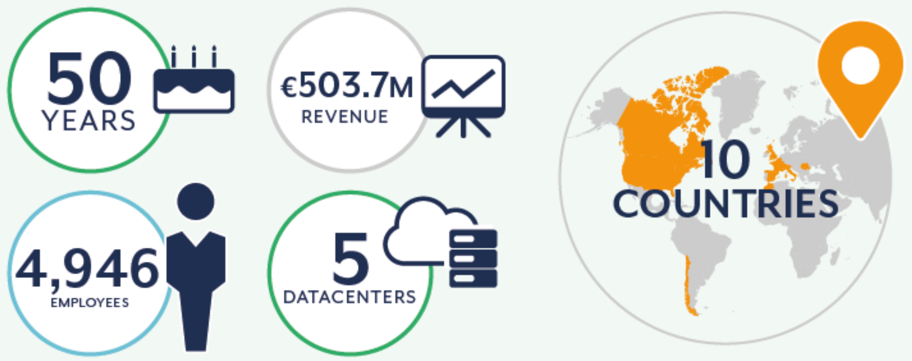
About us

Founded in 1969, Cegedim is an innovative technology and services company in the field of digital data flow management for healthcare ecosystems and B2B, and a business software publisher for healthcare and insurance professionals.

The Group is also active in human resources management and digitization services for all types of industries.

In 2019, Cegedim celebrated its 50th anniversary with a series of in-house gatherings for Group employees and an evening event for customers with a speech by the winner of the 2014 Nobel prize for economics on "Health economics and the pursuit of the common good". The last 50 years have been full of rich, fruitful relationships with our partners, customers, and employees; and packed with technological ventures prompted by society's digital transformation. Throughout that time we have constantly been driven by the pleasure we take in designing and creating new products and services.

Key figures



Our values

Cegedim Group's growth strategy is based on a high standard of innovation, quality, and investment, and strong core values. Our values start with the men and women who contribute to the Group's corporate ecosystem. They are based on equality, respect for others, environmental conservation, and economic efficiency.

These values help us achieve one of our top goals—delivering strong added value to our clients, partners, shareholders, and employees.

These values unite all our stakeholders.

6.2 Business models, business activities, and value chain

A nimble organization designed to foster innovation and a team mentality

Business model	Cegedim Group is organized into business units comprised of companies led by responsible entrepreneurs who successfully convey and promote their products' technological excellence in sectors with strong growth potential. We aim to provide clients with a one-stop service offering, which means our companies need a high degree of industry knowledge and specialization. Our technical teams work on a product from the innovation stage all the way to the production stage, and our product development teams always know exactly what our clients need and what we can offer them.
Value creation: the Cegedim ecosystem	Our ecosystem is structured around our clients in the healthcare industry—doctors, allied health professionals, pharmacists, insurers, and public health authorities—and how they interact with patients. It is a unique platform that provides these clients with the tools they need to deliver excellent services when solving healthcare sector challenges. The strength of this business model lies in the fact that all these companies co-exist within the Cegedim ecosystem, communicating and interacting around our products and services. Two other types of offering round out our business model: SRH human resources management solutions, and SY by Cegedim digitalization solutions. Their products and services are designed for companies in all industries, both inside and outside the health sector.
Our strategy: transform to strengthen our competitive advantages	**The outlook for Cegedim's market is one of solid growth** despite short-term uncertainty. Key growth drivers are: - French government reforms with significant regulatory changes that benefit our activities (health, payroll, data flow digitization, etc.); - The fact that healthcare systems are increasingly complex and need to be made more efficient; - An aging population and the growing prevalence of chronic diseases; - The shortage of doctors in rural areas; - The push to boost patient engagement. – All these factors are feeding the need for more innovation and technology—including SaaS, the Cloud and artificial intelligence—and more health data. Cegedim invests heavily in innovation. For example, in 2019, it devoted 12.3% of its revenue to paying its R&D staff. The need to digitize the economy, services and the health sector (patient medical records, prescription and diagnosis aids, remote consultations, and third-party payment, to name but the most visible issues), and the need for health data (for example to aid the diagnosis of rare diseases), are all factors that will ensure the Group's future profitable growth. At the same time, there is a growing need for outsourcing—for both outsourced payroll and human resources management, and outsourced health insurance management services. Cegedim, which operates in constantly evolving markets and has refocused on its strategic activities, has solid fundamentals, a balanced portfolio of complementary services, a diversified customer base, wide geographic coverage, the clout that comes from being an integrated Group, and operational and financial discipline. All this should enable us to carry on growing as we did in 2019, maintaining a robust, lasting, and profitable performance (See Chapter 3 "Management discussion and analysis of the financial year", Point 3.6 "Outlook", and Chapter 7 "Risk management" and notably "Covid-19 epidemic related to the coronavirus").

Strategy and transformation

In 2019, Cegedim Group continued to transform its business model—a process we kicked off in 2015 with the sale of our CRM activities. We have now successfully refocused on activities in Europe and restored lasting growth. We also once again have the funds to make cutting-edge technological investments, and therefore acquired several tech gems in 2019: successively Ximantix in Germany, BSV and Cosytec in France, and NetEDI in the UK.

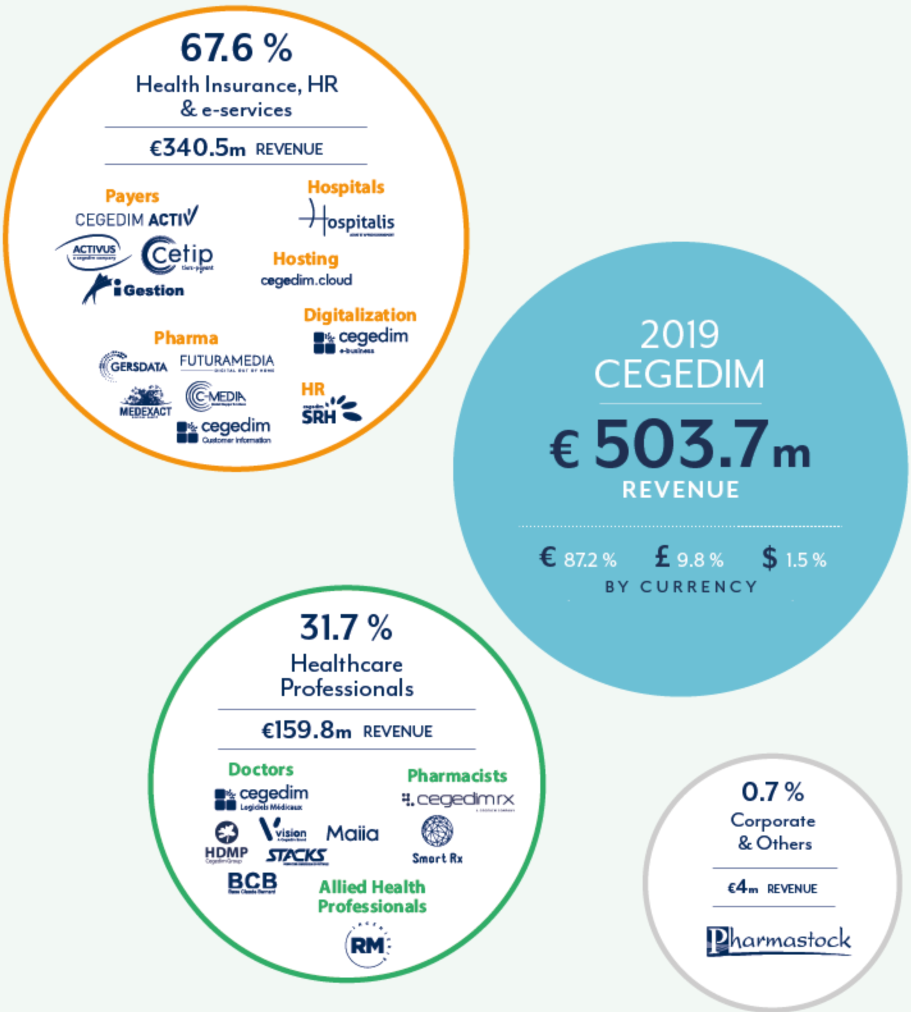
Cloud, SaaS, and digital technologies are the focus the Group's transformation and have also helped drive our investments in data and business process outsourcing services (BPO). As a result of constantly evolving, complex regulations, we must continuously innovate and create new tools to deliver the indispensable solutions our clients need to meet the new requirements. These growth areas are the bedrock of our development strategy in France and abroad for the years ahead.

Our strategic priorities are therefore the synergies generated by our comprehensive offerings and the innovative tools with which we help clients navigate their digital transformation. This digital transformation is a major opportunity for the healthcare sector, because it cuts costs and improves the quality and accessibility of care. Our strategy will benefit society since it contributes to the overall improvement in everyone's health, well-being, and quality of life.

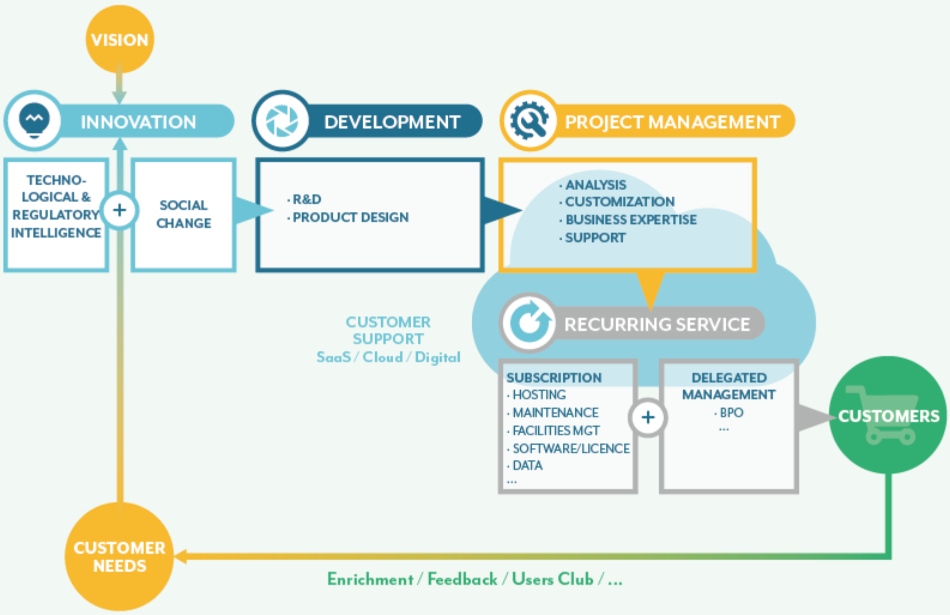
Our activities

Our two main operating divisions share:

- A healthcare ecosystem,
- Strict regulatory frameworks,
- Aspirations of market leadership.



Value chain



Value is created differently in each of the operating divisions.

Value is created differently in each of the operating divisions

To offer a diverse portfolio of suitable products and solutions, this division's business model is based on:

- tailored products and services for large corporate clients,
- a project-by-project approach that requires lead time to design and execute solutions suited to the complexity of each client's needs,
- the option of SaaS or hosted management formats, plus BPO.

Product	Solutions	Key figures
Insurance	+ Software + Digital Solutions + BPO + Third-party payment management	· 43 million persons managed · 3 billion healthcare invoices handled / year
Digital and Data	+ E-promotion + Digital communication + Data & sales statistics for pharmaceutical & HABA products	· Network of 7,000 screens in pharmacies in France
HR	+ SaaS platform for HR management + BPO	· for all industries · 8 million payslips / year
e-business	+ SaaS platform for electronic data exchange including payment and process digitalization platforms	· for all industries · 900 million flows
Other services	+ Outsourced services	-

Value creation: The Healthcare professionals division

To offer a diverse portfolio of suitable products and solutions, this division's business model is based on:

- packaged product and service offerings for professionals, clinics, and pharmacy chains,
- management software designed for use in individual practice or clinics,
- client support based on a dense nationwide network of local representatives, a helpline, and maintenance services.

Product	Solutions	Key figures
Pharmacy software	+ Integrated software for pharmacies + Web solutions for patient monitoring and third-party payment	· **36%** market share in the UK · **720 million** prescriptions managed / year in the UK
Doctor software	+ Practice Management Software + Electronic patient record management, billing solution, Revenue Cycle Management SaaS/ mobile solutions	· **#1** France, Italy, Spain · **#3** United Kingdom
Paramedical software	+ Practice management software + Integrated mobility solutions	· **49,000** healthcare practitioners used RMI in France in 2019
Medication database	+ Medication database + Apps and web portals providing access to the database	· Used by healthcare professionals in **5 countries** · Approved by the «Haute Autorité de Santé» since 2008

6.3 Group CSR challenges and goals

Workforce-related, Social, Environmental, and Ethical Responsibilities

Identifying and assessing CSR risks

We refer to the following:

- The 43 provisions of the Grenelle II Act as laid out in Article L225-102-1 of the French Commercial Code,
- The 17 United Nations Sustainable Development Goals,
- The ten principles of the United Nations Global Compact,
- The new requirements of the 2014/95/EU Non-financial Reporting Directive transposed into national law, notably anti-corruption and tax evasion measures,
- The provisions of the Sapin II Act and the Cegedim Group Ethics Charter,
- The risks listed and detailed in the Group's Annual Registration Documents/ Universal Registration Document

CSR risks and challenges	Looking at the Group as a whole, and at its two main business models, we have identified and analyzed material non-financial CSR-related risks, taking into account their workforce-related, environmental, social, and ethical aspects. This exercise was conducted collectively and led by the Chief Compliance & Risk Officer. The approach and results were approved by the governing bodies. We identified five priority risks: – Loss of top talent and the inability to retain employees; – Damage to infrastructures or data; – Negative environmental impact of our activities; – Damage to our reputation; – Unethical behavior. We have taken these five risks as the starting point for this statement. In it we describe the mitigation policies we have implemented and their outcomes, all of which are based on meeting the following five challenges: Attracting and retaining suitable human resources Protecting stakeholder data Limiting our environmental footprint Upholding the Group's reputation Behaving ethically
Our objectives	To meet these challenges in a meaningful way, Cegedim Group implements policies and due diligence that help improve its non-financial performance and achieve its objectives in these areas. These goals are grouped into key themes, which allows us to take a comprehensive approach to risk while also providing detailed responses based on the Group's actions. We monitor and measure our performance in these areas by looking at the results and relevant key performance indicators presented in this report.

6.4 Attracting, training, and retaining competent, qualified personnel

HR policy	In 2019, Cegedim's human resources policy helped advance its business activities. The policy fosters an environment in which employees can cultivate their skills to the fullest while also actively contributing to the company's performance. Cegedim adapts its compensation policy to motivate talented individuals and ensure training and recruitment, while at the same time keeping growth in payroll to a reasonable level.
Social equality	Cegedim Group's human resources policy reflects its keen interest in social equality. Our human-sized HR teams focus on communicating, imparting skills, and sharing experiences, which are critical ingredients for continuous personal development. We also have a proximity management policy which fosters rapid, efficient decision-making and nimble responses. Employees are appraised regularly and receive training and advancement opportunities. This allows them to enrich their skills and personal experience, giving them the prospect of taking on new responsibilities. Experience gained at Cegedim Group, a benchmark employer, boosts their employability.

Recruitment

Workforce	The Group is committed to strengthening its human capital, which it considers a prime asset. As a result, one of our key ongoing concerns is recruiting qualified personnel suited to our needs. This is a critical issue for Cegedim Group as a B2B company, because applicants and future employees may not have access to or know about our corporate communication and products. Our strong presence on professional social media sites gives us a high profile in France, and we actively use these sites to recruit.
Recruitment	To ensure we have the personnel needed for our business development, every year Cegedim recruits: – Several hundred employees in France, with a growing focus on promoting diversity in the workforce and providing employment for persons with disabilities, – A growing number of interns and young people under work-study contracts, – Internationally, via the Group's operations in over ten countries. To this end, at our Boulogne-Billancourt, Morocco, and Romania offices, we have created an area dubbed RecrutLab, with rooms specifically designed for recruitment efforts and applicant interviews.
Recent graduates	Most of our employees have a scientific or business educational background. The Group makes a concerted effort to recruit graduates through work-study programs in partnership with higher education establishments and universities. Cegedim offers students and recent graduates internships in France and abroad. These internships put participants on a fast track to employment and often turn into permanent positions with Group companies. Some of our subsidiaries have annual internship programs to help students prepare research projects for their master's thesis and encourage young graduates to join the company. In France, Cegedim participates in job fairs and a variety of student forums. We also have one position at our Spanish R&D subsidiary in Barcelona for young people on the V.I.E French international internship program.
University partnerships	Cegedim Group has several partnerships with higher education establishments: Group employees work with students at the University of Poitiers, the Sorbonne, and Simplon, an IT school in Paris. Cegedim is also the proud sponsor of France's first master's degree in HRIS (human resources information systems), which admitted its first students at the University of Paris I Sorbonne in September 2018 and is taught by Cegedim employees. We also promote work-study programs by offering the students apprenticeships with the Group's teams.
Speed-interviewing	We hold regular speed interviewing sessions at our French sites for applicants responding to Group ads or selected by recruiters. The sessions consist of a series of rapid interviews of around ten candidates by HR teams and relevant managers, who may then offer jobs to some candidates. Events like these complement traditional job ads and are promoted at schools in regions where Cegedim is looking to recruit. They generate around one-third of all hires and are mainly used to recruit HRIS consultants, sales and R&D staff.

Onboarding	New hires at French sites are onboarded in groups of roughly ten employees. On their first day, they are welcomed by the HR team, given a company presentation, and complete various administrative formalities. The welcome program, designed specifically by the Human Resources teams at corporate headquarters and the business units (BU), includes a number of job-specific training modules of varying durations: School SRH, insurance industry track, media or e-business, sales academy. Some of the BUs periodically hold "job swap" style programs to deepen the onboarding experience and assign mentors or buddies to the new hires. Some jobs may require more specialized training on arrival because of the nature of the business (e.g. drug safety). Prior to a new recruit's arrival, the HR department goes over a checklist with their future manager to make sure everything is ready for day one. The onboarding process ends with an end-of-trial-period review with the manager.
Employee referral program	Cegedim Group created its employee referral program in France in 2011 and expanded it in 2018. The program rewards employees who refer job candidates whose skills match the Group's operational needs and who share our values. The group issued a reminder of the program's eligibility criteria in 2019 and imposed restrictions on the involvement of all managerial staff in the recruitment process, including top management and HR management. Cegedim holds in-house events for referring employees and their referrals to give Group managers a chance to meet the candidates informally at themed gatherings.
Compensation policy	The Group's compensation policy aims to recognize talent by rewarding both individual and group-wide performance. Individual performance is primarily rewarded through variable compensation based on individual goals. Each year, Cegedim Group line managers meet with their team members one on one for a performance appraisal and review of annual targets. Every year, we use remuneration studies to verify that our compensation policy is in line with the market. The Remuneration Committee is composed of three directors. The Appointments Committee is also composed of three directors. The chief tasks of these committees are to set the policy for awarding free shares and variable compensation and to create a succession plan for corporate officers in the event of an unplanned vacancy.

Work organization and quality of life

Employer brand	The Group has an active HR policy in support of its employer brand, detailed through this chapter, and in 2018 redoubled its efforts to build employee loyalty. There is generally a higher employee turnover rate among account managers in some of our specialized activities, which is typical of these professions.
Internal communication	In 2013, the Group set up an intranet that provides internal news and communication, notably a newcomer's guide, country-specific company information, in-house newsletters, the style guide, and local information per office location. Individual Group entities have also taken a variety of local initiatives. For example, around 20 screens were installed at the three Boulogne-Billancourt sites to display Group news; labor, legal, and industry updates; e-learning courses, and so on. The Group has installed the screens, which can also display information tailored to each BU and entity, at all sites with 50-plus employees in France. In France, the BUs hold regular "Feel HR" meetings to bring their teams together and convey the latest company news. The Managing Director gives an annual presentation on the year's activity and highlights to employees in the Paris region. Employees in other locations can view the presentation over the Group intranet. When travelling abroad for roadshows, the Chief Investment Officer & Head of Investor Relations takes the opportunity to visit local subsidiaries and present the Group's annual results to employees.
Forging ties between employees	Joint after-work events for several BUs help create ties and build links between employees from different departments working at the same location, for example in Lyon or Nantes. Each entity organizes get-togethers at important times of the year or to mark important occasions (year-end party, team meals, etc.) and organizes retreats for teams or specific units as and when necessary. Cafeterias and break rooms are also available at some sites, so employees can meet for business discussions in an informal setting over the weekly fruit baskets. Cegedim Group celebrated its 50th anniversary at an iconic Paris stadium where the Paris teams gathered for a cocktail party and musical evening. Similar events were held at the other sites in and outside France as all our employees came together to mark this special date.
The right to disconnect	The Labor Act of January 1, 2017, enshrined the right to disconnect. However, we have not implemented any measures to block IT communication. This is because we cannot shut down servers or other IT infrastructure equipment during non-working hours, owing to continuity of service requirements and the resulting need for staff to be on duty. Cegedim meets the law's requirements by using tools to report time off and by creating an HR hotline that employees can call if they require a meeting to discuss their workload. Their situation is then analyzed and a remediation action plan drawn up with their manager.
Employee social and assistance committees	We cannot provide a detailed review of the activities of all the Group's works councils in this report. We can, however, note that they provide numerous employee perks, in keeping with local practices, for example housing benefit, discounts on leisure activities (sports, entertainment, culture, travel, and CESU home help vouchers), support with year-end holidays (gift vouchers, Christmas trees, etc.), school holidays (vacation vouchers), and other significant life events.

Healthcare coverage	At Cegedim, all employees have supplemental health insurance to cover their medical costs. We also offer optional supplemental insurance plans. In France, all employees have supplemental death, incapacity, and invalidity coverage and former employees can continue their supplemental health coverage. The Group is endeavoring to gradually expand this kind of health and protection benefit to countries where it is not required by law. In fact, nearly all the Group's employees have been offered health insurance and a supplemental pension plan. In 2019, we started installing defibrillators at sites with more than 100 employees across the Group.
Sport and wellness	In early 2019, we launched Cegedim Heroes, our own sport and wellness program and app. All Group employees can use it—they join their local team, based on their workplace location, and are encouraged to transform their daily life through exercise. They can take part in regular challenges and contests and are awarded health points for each physical activity they do. The program's aim is to improve personal well-being in the workplace. All sports count: walking, running, cycling, swimming, team sports, skiing, working out, etc. There are regular team contests as well as weekly individual challenges. In 2019, we organized sports fundraisers in March, July, and November: – the "eco-challenge" to plant 160 trees and save160 trees with Eco-tree, – the "vitamin-rich challenge" for the weekly delivery of fruit platters to the workplace, – the challenge named " Ensemble pour la recherche contre le cancer des enfants" (Together for childhood cancer research), which raised funds for the Institut Gustave Roussy. An advent-calendar themed challenge also took place in December, with daily surprises. The program has been so popular with employees, that it will be continued in 2020.
Fighting discrimination	The Group does not discriminate when hiring and assigning positions. Job offers provide for wages without discrimination and raises are based on each employee's performance and experience. Any person who is a victim of or witness to discrimination has several means of reporting it. They may contact the Group Ethics Committee or an employee representative body, both of which will act with complete independence.
Disabled workers	Cegedim Group aims to facilitate the integration of workers with disabilities and combat all forms of discrimination. We are endeavoring to improve access to our buildings for the disabled. The Group complies with local regulations governing the employment of people with disabilities in all the countries where it operates. Cegedim expanded its disability unit in 2018 to better assist employees known to have disabilities, regularly monitor their administrative paperwork, and make any necessary accommodations to their workstation and schedule. In 2019, the unit's remit was enlarged and bolstered—an external six-month assessment including over thirty interviews with a representative sample of employees was conducted in partnership with the Association de gestion du fonds pour l'insertion des personnes handicapées (AGEFIPH, a French non-profit that promotes the employment of people with disabilities). As a result of this initiative, we implemented an action plan that reflects our desire to see concrete results in this area. In France, Cegedim grants employees with disabilities five days extra paid leave to attend to their medical and administrative formalities, as well as priority access to parking spaces and to the company's childcare services.

Organization of working hours	The working hours of employees in France—67% of the Group's total workforce—are based on a statutory annual total of 216 working days or 1,607 hours, and a contractual working week of 37 hours and 10 minutes. Any overtime entitles employees to RTT days off ("Réduction du Temps de Travail" or reduced working hours). Outside of France, local working hour legislation is observed in each country. We observe the International Labor Organization conventions in all the countries where we operate. Cegedim implemented remote working, both regular and periodic, in 2018. These arrangements give employees real flexibility to manage their time and travel. A collective bargaining agreement for mobile workers was also rolled out in 2018 and 2019. It accounts for the particular circumstances of employees who travel a lot for work, and classifies travel time as working time for roughly 500 mobile workers. Since 2018, employees in France are also offered spots in the company nursery, which is operated in partnership with a leading provider. In 2019, the number of spots increased 24%, compared with a 70% rise in requests. The huge success of the 2019 campaign and the fact that we kept last year's spots, meant we were able to satisfy most of the new requests.
Leave sharing	Cegedim has introduced the leave sharing program for all employees in France so employees may help colleagues experiencing personal challenges. A collective bargaining agreement was concluded so that as many people as possible can benefit from this initiative and to allow donations to be supplemented by a contribution from the employer.
Collective bargaining agreements	Numerous collective bargaining agreements apply to the French subsidiaries and the Group as a whole. We cannot provide a detailed review of them all here. To date, none of the agreements reached in France has been opposed by employee or union representatives, which illustrates the success of the social dialogue. In 2019 in France, negotiations related to collective agreements notably covered: – Gender parity in the workplace, – Leave donation, – Remote working, – Mobile working, and supplemental health insurance cover for medical costs, profit sharing, employee savings plans, and compensation. Regular exchanges regarding Quality of Work Life or QWL continue. These major advances build on the Group's ongoing efforts to accommodate work times and help employees achieve a better work-life balance.

Managing qualifications and skills

Skills	We operate in a variety of businesses and can help our employees enrich their skills and gain new experiences so they can take on new responsibilities. The Group's HR policy is based on training and internal mobility, because we believe that professional development is a major factor in motivating employees to achieve success. Joining Cegedim means seizing the opportunity to work in a high-tech environment where teams tackle a variety of interesting and challenging projects, all while continuously developing professionally.
Training	Training is a cornerstone of Cegedim's strategy, and we devote more resources than we are legally obligated to so that employees can realize their fullest potential. The Group's training policy combines a focus on individual progress, skills development, and company performance in order to keep pace with strategic projects and changes in the healthcare profession. In addition to the standard internal, external, inter- and intra-company training programs, the entities also provide continuous specialized training for some of the Group's very specific professions. As well as professional training, we provide first-aid courses.
e-learning	Cegedim has created an e-learning platform so employees can complete a series of courses during work hours by selecting from a wide range of training programs. This platform was used extensively in 2019 for both Group-wide training programs and specialized training courses for specific entity activities and professions. Similarly, we have launched an external digital platform so our Research & Development staff can update their knowledge of new technologies in their field.
Skills sharing	Skills sharing is a key challenge for Cegedim Group that ensures our teams have the necessary knowledge and expertise. Our business units set up tailored training sessions by calling upon resources within their own teams. These initiatives allow us to meet the specific needs of our business lines, impart our culture, and pass on our expertise. Mentoring arrangements—which are required for vocational training, or work-study contracts—are also used in some subsidiaries to foster the internal employee mobility and integrate new recruits. The mentees are taught what they need to know for a given position (processes, procedures, tools, organization, etc.) or shown the skills required for specific jobs within the Group. Some subsidiaries also offer close managerial monitoring for junior employees and mentoring schemes with more senior colleagues, and appoint advisors for employees who need assistance. A pilot mentoring scheme launched in the SRH subsidiary will be replicated across the Group's entities.
Internal mobility	Cegedim believes that professional development is a major factor in motivating employees to achieve success. When a vacancy arises, priority is given to internal recruitment. Internal mobility opportunities, with moves to different geographic regions, allow employees to develop their skills and knowledge of the business and also help the Group ensure the transfer of knowledge between its entities. To this end, we have an international mobility service for managers, salespeople, and technicians to handle requests for expatriate postings. These typically involve three-year assignments, transfers and short-term assignments from France to another country, from an international office to France, or between different international locations outside of France. Certain entities have a mobility commission with representatives from Group HR, local HR, and local management whose purpose is to review, twice a year, mobility requests for moves within the Group to France.

Results

Headcount

2019 | 2018

4,946 | 4,562
Total headcount

3,364 | 3,051
Headcount France

1,582 | 1,511
Headcount International

1,465 | 1,508
New hires

1,067 | 1,152
New hires on permanent contracts

3,398 | 356
New hires on temporary contracts

1,182 | 1,268
Departures

4,682 | 4,382
Employees on permanent contracts

264 | 180
Employees on temporary contracts

39.7 | 39.7
Average age

Employer brand and university partnerships

2019 | 2018

24 | 17
Speed interview sessions (1)

16 | 2
Job fairs (2)

18 | 3
Student recruitment events (3)

23 | 56
Hires from (1), (2) and (3)*

47 | 41
Work-study contracts

28 | 16
Apprenticeships

15% | 16%
Work-study contracts and internships converted to permanent contracts

49 | 49
Internships

** The calculation method was adjusted in 2019—now it is based only on signed contracts, whereas previously it included all firm job offers made following the event.*

Training

2019 | 2018

17,067 | 24,245
Hours of training in France

870 | 1,024
Employees trained in France

103 | -
Group e-learning training sessions

4,482 | -
Employees signed up for Group e-learning sessions

3,886 | -
Hours of e-learning, Group-wide

372 | -
Internal mobility transfers in France*

** Job changes and transfers between entities*

Group gender equality

2019 | 2018

45% | 45%
of employees are female

55% | 55%
of employees are male

40% | -
female board members

60% | -
male board members

Health and safety in France

2019 | 2018

61 | 54
workplace accidents

38,548 | 34,351
days of absenteeism

11,5 | 11,3
average number of days of absenteeism excluding overtime rights (RTT) and paid leave

Quality of work life

2019 | 2018

417 | 271
French employees regularly work from home

12.4% | 8.9%
of the French workforce

230 | 188
part-time Group employees

4.6% | 4.1%
of the workforce

1,770 | -
Employees participating in Cegedim Heroes

OBJECTIVES AND KEY PERFORMANCE INDICATORS

	2019 | 2018		Objective
Percentage of confirmed permanent contracts	76% | 81%	**Attract employees** Employees on permanent contracts in 2018 whose trial periods were confirmed by December 31; does not include employees still on trial period at that date. A formal interview is conducted at the end of the trial period, and HR analyzes the results and takes corrective actions if needed.	**Objective** Maintain at ≥ 75%
Confirmed employee referral hires in France	109 | 125	**Promote employee referrals** The criteria for employee referrals were tightened in 2019 to exclude certain cases, as detailed in this chapter.	**Objective** Maintain at ≥ 100 employee referral hires a year
Recruiting events	48 | 22	**Maintain a visible presence through recruiting events** These events consist of speed interviews, job fairs, and student recruitment events. We also hold employee referral events that are not counted here. The number refers to events held in France.	**Objective** Maintain at ≥ 1.5 events per month

6.5 Securing stakeholder data

Security is a key priority	Cegedim Group supplies technology and services related to information and databases, so one of our top priorities is ensuring that our clients and partners are entirely comfortable with the level of data and system security. Cegedim's businesses process sensitive data, notably personal health records. For Cegedim and its employees to be successful, it is vital that we respect current regulations and strictly follow our code of ethics. For the Group to grow and remain in business, we also need to develop the right products at the right time and anticipate the services consumers want and the technological innovations the industry needs.

Information system security

A secure, resilient, durable infrastructure	Cegedim strives to build robust security for its sites and its datacenters. Security is an ongoing, vital concern, and the Group does all it can to limit the impact of events that might damage its assets, products, and infrastructure. Its on-site risk-control policy covers fire, flooding, or other natural disasters, as well as power outages and cyberattacks, such as malware or penetration.
System and data security	The Information System Security Policy developed by the Group covers system and data security and is supplemented by an Information System Security Charter included in every employee's job contract, as well as a guide to data security available on the Group intranet. Specific clauses have been added to the job contracts of employees whose responsibilities expose them to data, confidentiality, and intellectual property issues.
Data protection	The policy and charter rules and recommendations aim to protect data in all its forms—spoken, paper, or electronic—and respect its confidentiality, integrity, availability, and non-repudiation. They cover not only the Group's information systems (networks, computers, software, data, and communication and copying resources), but also information shared orally or in writing, and physical protection both on and off the company's premises. Cegedim Group subsidiaries set out and clarify the rules governing IT policy in a body of documentation covering security within the scope of their business activities. The Group IS Security Policy serves as a mandatory baseline for which rules to apply.
Business and service continuity	The Group spreads out its IT centers geographically and uses state-of-the-art information technologies to execute its business and service continuity strategies. It also has appropriate insurance policies covering certain industrial risks. A dedicated security team with experience in critical data hosting oversees operating security, in conjunction with a 24/7 Security Operations Center (SOC). Each Cegedim Group subsidiary has its own internal security organization.
Internal awareness	Anyone who uses the Cegedim Group information system is regularly informed of security best practices and the regulations that apply to their business activities. Information sessions devoted to security may take place in person or remotely, for example via an e-learning course or webinar. Subsidiaries are free to raise awareness of issues specific to their activities, in addition to the actions carried out at the Group level.

Secure data collection

Personal data	In the course of our business activities, we collect individuals' personal data. Cegedim implements state-of-the-art security measures to ensure an adequate level of protection. We collect data in a manner consistent with all the legal and regulatory requirements that apply in each country in which the Group operates, and with the contractual specifications agreed upon with our partners and clients. Cegedim Group has always made sure it complies with all applicable laws and regulations in the area of personal data protection. As soon as the General Data Protection Regulation (EU) 2016/679 was made public, Cegedim began the work needed to ensure compliance from the moment the regulation took effect.
Healthcare: a sensitive industry	The Group is well aware that it operates in a sensitive sector—healthcare—and does everything necessary to: – minimize and/or anonymize the data it collects, particularly health data, – host this data securely, and – ensure that studies are conducted according to ethical standards that are frequently monitored by its clients.
High availability architecture	The Group has substantial expertise in managed services, and in the management of financial flows and digitalized documents. The highly strategic and sensitive nature of these activities led the Group's IT teams to design and build equipment and architecture with a very high degree of availability. These resources meet demanding security requirements, notably for hosting personal health data. For example, we offer our clients a comprehensive private cloud service, available in either PaaS (Platform as a Service) or SaaS (Software as a Service) mode. To do so, we draw on our hosting capacities and implement Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP).
Data accuracy and quality	Data accuracy and quality are indispensable if Cegedim Group wants to continue to deliver tools and services that meet our clients' needs, thereby contributing to the healthcare systems of the countries in which it operates. The Group's GERS Data subsidiary supplies anonymized data and analysis made possible by a unique mass data collection system covering almost seven years. The data's representativeness is achieved by collecting from a variety of sector players. The R&D teams dedicated to this activity make it possible to collect, structure, and generate databases that can be used immediately, contain quality data, and comply with all personal data protection regulatory requirements. Apart from the quality of the data, Cegedim Group is also keenly aware of its societal value, given that its databases are used by healthcare professionals to help them diagnose patients and provide them with the correct medicines.
Databases	The Group's real-life patient and prescription databases, which have been chosen by the French and UK health authorities, contain anonymized data collected by a permanent network of nearly 3,000 private practitioners, primary care physicians, and specialists. The databases have a European structure and record over a billion medical procedures: patient and prescriber profiles, diagnoses and illnesses, prescriptions and treatment plans, reimbursements, and results of certain tests. The Claude Bernard Database of medicine and healthcare products helps make the entire medication chain to the point of fulfillment safer, and it allows users to offer patients high quality advice. The database is used daily by healthcare professionals in France and around the world.

Data protection

Data protection	Protecting personal data has always been a key concern for Cegedim Group. Our data protection policy reflects the Group's commitment to respecting these principles, and we regularly raise employee awareness of the issue through: – training sessions on data protection and security delivered by e-learning, webex, or in person depending upon the subject matter and the employees' needs, – the Information Systems Security Charter, – the Group Ethics Charter. Cegedim sets rules and devotes adequate resources to ensure that equipment and information are handled in a manner consistent with their level of sensitivity. For example, equipment used to host confidential data is subject to heightened security measures, such as restricted access and data encryption. All users must apply the security rules that correspond to the category of information—published or not—that they handle as part of their job.
HDS (medical records hosting) certification	Cegedim Group has earned HDS (medical records hosting) certification from the government's digital health agency, ASIP Santé. – Cegedim SA is certified to host the personal health data collected via the personal health data management applications supplied by its clients. This service allows patients direct access to hosted apps. This certification covers the production site and the backup site, which are the HDS units of the relevant datacenters. – Cegedim.Cloud is HDS-certified for "Physical Infrastructure Hosting" and "Managed Services Hosting" activities, i.e. all activities 1 through 6 of the HDS reference guide.
End of life of equipment	The Group has specific measures governing equipment disposal to ensure that data cannot be recovered. These measures also apply to any equipment that might contain confidential information. Old equipment that is not going to be physically destroyed must undergo high security formatting before it is reused or returned. Paper documents that are confidential or classified for internal use only are shredded.
Copyright laws and Intellectual property rights	Our internal procedures aim to ensure that the Group and its employees do not break any laws regarding the copyrights of other companies, organizations, or individuals (patents, licenses, copyrights, trademarks, etc.). These measures also ensure respect for data confidentiality and integrity. Management of intellectual property rights is governed by the IS Security Policy, contracts, and the security charter. Cegedim regularly informs its information system users about the rules that apply to intellectual property, notably via in-person and e-learning training sessions. Licenses are monitored as part of the configuration management process.

Personal data protection policy

The personal data protection policy was updated in 2018 when the GDPR came into force. It describes the general measures Cegedim Group takes to ensure adequate protection of the personal data it processes, either directly or through its outsourcing activities.

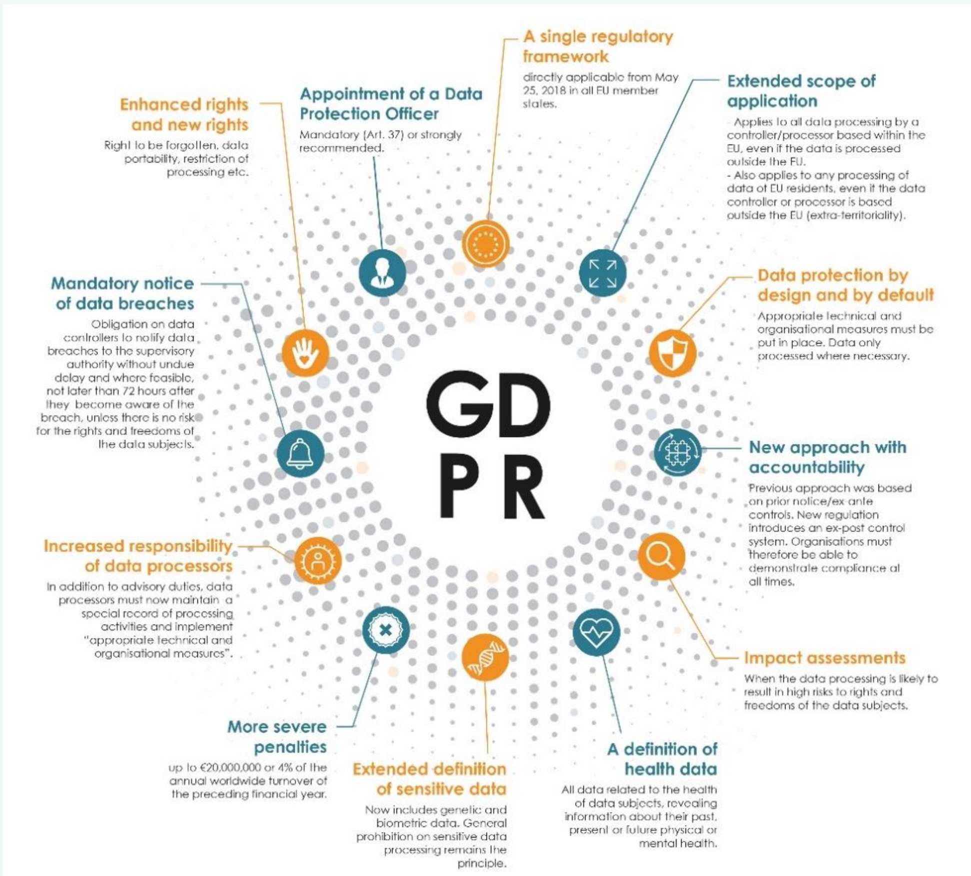
The policy applies to all Group subsidiaries in France and internationally, and to all data processing activities in which it engages. It lays out the guiding principles with respect to data processing: adhering to stated goals, proportionality and fairness, relevance and minimization, storage, security, accountability, rights of access and correction, respecting the legal data processing regulations.

Before the GDPR took effect in May 2018, the Group trained all its employees using an e-learning module and then tested them on what they had learned.

We have an e-learning program on specific data protection topics to supplement the initial training.

Considering the diversity of its business activities, Cegedim Group has decided to appoint Data Protection Officers (DPO) for every entity and business unit. They inform and advise the individual or subcontractor responsible for data processing and any employees involved in data processing. They also monitor compliance with the GDPR and bylaws, guide the actions of the head of processing, provide advice when asked about impact analyses and verify that these are conducted. DPOs also act as the point of contact for and cooperate with the National Commission for Computing and Civil Liberties (CNIL), France's GDPR supervisory authority.

GDPR in twelve points



RESULTS

Data
2019 | 2018

36,011 | 35,257
gigabytes[1] of health data processed[2]

(1) A significant technological change made to one platform reduced the amount of storage space needed by c.1,700 GB.

(2) Data is processed in accordance with applicable regulations, notably those covering personal data and health data, and as defined by the GDPR.

OBJECTIVES AND KEY PERFORMANCE INDICATORS

Completion of the security checklist

2019 | 2018
100% | 100%

Securing our information systems

We completed all of the items on the security checklist below.

Objective

maintain at100%

Cegedim.cloud systems security checklist	2019
Raise awareness (training, e-learning, anti-phishing campaigns, etc.)	☑
Regular security committee meetings	☑
Internal audits	☑
External audits	☑
Risk analysis	☑
Vulnerability audits	☑
Penetration tests	☑
DRP tests	☑
Information System Security Policy review	☑
Information System Security Charter signed by new employees	☑

Increase in the volume of hosted data[3]

(3) Hosted data refers to the data stored in our datacenters and may include both processed data and raw, unprocessed data

2019 | 2018
+52% | +39%

French and US datacenters

Data volumes grew because existing clients experienced organic growth and because we acquired new clients.

Objective

Contain the growth in volumes relative to growth in the amount of data.

6.6 Limiting our environmental footprint

Corporate citizenship	At Cegedim, the tangible outcomes of our citizenship efforts reflect our ongoing desire to ensure that innovation benefits our stakeholders.

. Reducing our environmental footprint

Carbon footprint	We measure our greenhouse gas footprint in terms of the electricity we need to run our businesses efficiently. The Group's datacenters in France account for a significant share of its electricity consumption. Since 2018, the Group has been able to measure the carbon footprint of its hosting centers. As providers of services for health professionals and the pharmaceutical industry, our activities are office-based. Our CO_2 emissions are commensurate with those of standard office activities. Our primary carbon footprint is generated by company cars and air-conditioning systems, while our secondary carbon footprint mostly stems from energy consumption and business travel.
Fleet management	Our company car policy specifies what type of cars our employees may use and who is eligible for one. Fleet management takes into consideration vehicle age and changes in pollution standards, and respects official and industry recommendations. In France, Cegedim also has a code of conduct for company car users. Our fleet consists of hybrid vehicles and when employees replace their cars, they are strongly encouraged to choose the most carbon-friendly categories. The WLTP standard for calculating CO_2 emissions, whose adoption has been postponed until March 2020, affects the criteria used to manage the vehicle fleet and its impact will be visible in the 2020 indicators. Some sites encourage the use of alternative energies and transport methods, for example with EV-only parking spaces with charging stations, bicycle parking with charging stations for e-bikes, and solar-powered parking lot lighting.
Limit business travel	We are particularly careful about business travel because it is a large source of carbon emissions. The travel policy we implemented as early as 2008 includes specific rules and best practices for meetings and related business travel and encourages employees to cut back on their travel and use alternative, less polluting solutions without reducing the quality of the services offered to customers. Travelling to attend in-house meetings is restricted and any exemption requires prior approval by two management levels. We introduced remote work technology as early as 2007 and encouraged our employees to reduce short-distance travel and instead use videoconferencing, telephone conferencing, instant messaging, and document exchange platforms. As well as improving quality of life, working from home also reduces the daily journeys made by our employees. When employees from multiple sites need to attend a meeting that is nearby or in the same region, they are encouraged to travel by bus or carpool.

Waste management	Cegedim Group has no industrial activities and does not produce toxic waste. Paper, cardboard and computer equipment make up the bulk of our waste. The only hazardous and dangerous substances we use are: – IT hardware (screens, batteries, printers, and photocopier ink cartridges), – Car equipment (batteries, engine oil), – Cleaning products. Several of our subsidiaries have already introduced recycling programs for printers, photocopier ink cartridges, and computer hardware. When computer equipment in our data centers reaches the end of its life, it is disposed of in an eco-friendly way. This type of waste is usually collected by the supplier providing the new replacement hardware. Otherwise, it is given to a specialized recycling company. We also sometimes decide to keep some equipment for spare parts, thus optimizing the life cycle of certain components which are recycled on-site. In France, Cegedim outsources the management of all its waste electrical and electronic equipment (WEEE) to ensure that the materials are recycled, and the toxic components are correctly disposed of. The only wastewater produced by our activities is domestic.

Using less resources

Less printing	Reducing the number of documents printed by employees is also an important goal for the Group. In all countries, teams are routinely encouraged to consider whether they truly need to print their documents or whether there are simple alternatives at their disposal (e.g. projecting information for a meeting on a screen rather than printing it out, only printing out emails when necessary, two-sided printing, etc.). There are fewer individual printers being used by employees, who instead send their documents to a shared printing station. This reduces printing simply for convenience's sake and helps save consumables by encouraging black-and-white printing over color printouts. We also have a modern, efficient in-house print and copy center that handles bulk printing for our Boulogne-Billancourt sites. In addition, in 2018, the Group made the switch from paper to electronic greeting cards.
Printed distribution of mandatory regulatory information	In 2007, we decided to distribute our mandatory regulatory information electronically. Between 2009 and 2017, we also reduced the number of printed copies of our Registration Document, cutting the French version more than tenfold and halving the number of English copies. Now, we only print 100 copies in each language. For the last ten years, the Registration Document / Universal Registration Document has been printed on 100%-recycled, European Ecolabel-certified paper.
Digitized administrative processes	We decided early on to digitize administrative processes for new recruits in France and no longer send out mass mailings of paper documents in France. All contractual documents (letter of appointment, work contract, bylaws and charters, mutual health and personal protection insurance policies, etc.) are sent by email and signed electronically by both parties. We have also introduced meal cards, which avoids printing and handling meal vouchers.
Digital vault	In a bid to reduce printing, we also offer our employees in France a secure digital vault service where they can store private, sensitive e-documents, which limits the need for paper copies. For example, in France, employees can have their monthly payslip deposited automatically in a digital vault for storage.

Energy in the workplace	We have introduced simple ways of reducing energy costs on a case-by-case basis. For example, we encourage car-pooling and the use of shuttle services, we have installed time switches that automatically turn off the lights and air conditioning after hours, coffee machines with inline water filters, electronic timers, automated hand-driers, water fountains, etc. We also have maintenance contracts for our air-conditioning systems to ensure optimum performance. Most systems can shut off automatically if windows or loading dock doors are opened.
Management of IT equipment	For over thirty years, Cegedim has designed, built, and run its data centers and technological platforms with a focus on maximum energy efficiency. This approach makes both financial—it's a highly competitive market—and environmental sense. Environmental, energy, and financial concerns are factored in at every stage of a data center's creation—in its design, deployment, and operation. These issues are incorporated into every aspect of information systems hosting.
Constantly improving our IT hosting services' energy-efficiency	Several years ago, Cegedim launched a program to continuously improve energy reduction for its IT hosting services. Efforts focus on three main areas. **Virtualization to ensure optimal use of IT resources:** this process continues to significantly boost efficiency. In 2019, the number of physical servers stabilized, while the number of virtual machines (which have much higher per-unit efficiency rates) grew. The use of oversized servers also increases the ratio of shared services and optimizes energy consumption during periods of low activity. **Reducing server and IT equipment energy consumption:** after updating our main computer hardware and then simplifying our computer network topology, in 2019, we maintained our performance and energy-efficiency. The overall standard of our services has not been affected, and data security and secure access remain top priorities. **Optimizing the efficiency of data center air conditioning systems:** we successfully installed more environmentally-friendly air conditioning systems in all our data centers. In 2019, we continued to install cold aisle containment solutions in our data centers in France, and the expected improvement is still being felt. The installation of free cooling—a cost-effective method that uses the temperature difference between the air leaving the computer hardware and the ambient air—has helped reduce air-conditioning energy use in one of the French data centers since 2017. The Toulouse-Labège site collects rainwater.
Green IT and Datacenters	The 2019 roadmap for Cegedim Group's Green IT and Datacenter program aims at improving energy efficiency and reducing environmental impact. It included a partial update of the cooling system for one of the French datacenters that cut its electricity consumption by around 12%. The 2020 plan includes, notably, the creation of a solar farm; installation of heat pumps and waste heat recovery; and management of heat exchangers, fan-coil units, and chilled water distribution, all aimed at obtaining C2E (Energy Savings Certificates) via ADEME (Agency for the Environment and Energy Management).

Contributing to regional development

Corporate social responsibility	Cegedim's activities are to some extent inherently socially responsible. We provide services for health and insurance professionals who in turn work for the welfare of their patients and the best interests of their policyholders. Our corporate services (HR and e-services) also have a social purpose, notably by reducing paper usage and by hosting and supplying information. The context in which we operate is currently one of rising health expenses, growing patient expectations, challenging technological transformation, and changing regulations.
Local impact	We monitor the local impact of our activities, in terms of both employment and regional development. We have operations in more than ten countries. New employees are typically hired locally, which helps to boost the local economy.
Local jobs	Cegedim's compensation policy is fair and equitable and we aim to offer a competitive wage in line with labor market practices in all the countries where we operate. Employees are typically hired locally, and we make sure that our operations make a positive contribution to the countries where we are present. We also comply with all local legislation, including laws governing compensation, and respect ILO conventions 100 and 131. The Human Resources department ensures that this principle is applied in each country. Our international mobility policy ensures that employees retain their health and personal protection benefits while on assignment abroad and includes the necessary provisions for their return or repatriation.
Subcontracting	In France, subcontracting is regulated by centralized agreements, while in other countries, subcontracting agreements are managed locally. Cegedim also subcontracts part of its activities to its own subsidiaries, to ensure that the quality and safety standards it requires are applied. For example, some specific IT support or back-office services are provided by its subsidiaries in Morocco and Romania.
Digitalization and regional development	Some services offered by Cegedim in France also help solve regional development—or desertification—issues and, what is more, digitization is an eco-friendly solution. The Sesam-Vitale data transmission tools, where Cegedim is the leader in France; the development of Docavenue/Maiia's remote medical consultations, enabled by regulatory changes in 2018; the digitization of patient medical records for preventive health care; the European strategy for convergent and integrated healthcare: all these measures reduce our customers' environmental footprint and are designed to improve coverage of territories with a low number of doctors per capita. It is estimated that in France over 5 million people no longer have access to medical treatment close to home. Physician density has shrunk about 10% on average in the last ten years, and by over 20% in a dozen French departments. This is a critical social issue and Cegedim intends to be one of the major players providing suitable, high-quality solutions for the French government's healthcare system reform, dubbed MaSanté 2022.

Giving back to the community	We encourage giving back to our local communities in all the countries we operate in. Cegedim subsidiaries organize initiatives at their discretion. For example: – Galerie d'Aguesseau, the art gallery in our head office building in Boulogne-Billancourt, exhibits the work of about ten artists a year and regularly promotes local artists; – Since 2016, Cegedim Insurance Solutions has sponsored "Les Foulées de l'Assurance", charitable races (5 and 10 km runs or an 8 km walk) which raise funds for the prevention of cardiovascular diseases; – Several subsidiaries have supported charitable organizations, contributing to food drives to support the victims of natural disasters (floods, etc.) and supporting local cultural and sports nonprofits; – Futuramedia and C-Media helped Établissement français du sang (EFS), the French blood agency, and Restos du Cœur, which delivers meals to the needy, broadcast their digital campaigns in 2019. They ran digital ads free of charge on their vast network of over 7,000 screens and more than 800 digital window displays in over 1,800 pharmacies and health and wellness stores throughout France; – Cegedim joined the fight against cancer in 2017 when it partnered with the Institut Gustave Roussy. In 2019, it supported the Gustave Roussy Foundation's "Cure childhood cancer in the 21st century" campaign, and C-Media ran an "United against cancer" ad campaign in pharmacies; – Since 2014, Cegedim Outsourcing is a partner with the city of Meudon of the First Lego League annual robotics challenge for kids aged 9 to 16. This event aims to get youngsters interested in science and technology: computer programming for sustainability, animal protection, or renewable energies; – Cegedim Insurance Solutions is a partner of Nos Quartiers ont des Talents, a nonprofit which helps young graduates find jobs or internships through a network of companies committed to promoting equal opportunities and youth employability. University graduates under the age of 30 from humble backgrounds or priority neighborhoods are mentored by experienced working managers, and even senior executives.

RESULTS

Greenhouse gas emissions 2019 | 2018	Use of resources 2019 | 2018	Community measures 2019 | 2018
1,365 | 1,777 metric tons of CO2 equivalent generated by our electricity consumption	13,753 | 15,584 of electricity consumed in kWh	10 | 11 Number of countries where Cegedim is present
303 | 360 metric tons of CO2 equivalent generated by our gas consumption	1,246 | 1,478 of gas consumed in kWh	69 | 71 Number of sites where the Group is present
896 | 856 metric tons of CO2 equivalent generated by air travel in France		57 | 53 Number of local sites in France
2.35 | 2.40 is the average age of our French car fleet		12 | 18 Number local offices outside France
€0 | €0 Provisions and guarantees for environmental risks		481 | 416 Number of mobile workers in France

OBJECTIVES AND KEY PERFORMANCE INDICATORS

	Indicator	2019 | 2018	Comment	Objective
<120g	% vehicles emitting <120g CO2	79% | 79%	**Company car fleet in France** The fleet of passenger vehicles is being updated with newer cars, fewer diesel engines and more gasoline-powered cars and electric hybrids.	**Objective** Maintain at ≥ 75%
<140g	% vehicles emitting <140g CO2	92% | 93%	**Company car fleet in France** Several large utility vehicles were replaced in 2019, which had an impact on the category's overall performance.	**Objective** Maintain at ≥ 90%
	Increase in number of virtual servers	+11% | +12%	**Server virtualization** We continued to replace physical servers with virtual machines in 2018, and now have 15 virtual servers for every 1 physical server.	**Objective** Maintain continuous growth

6.7 Upholding our reputation

Our goals	We aim to provide our customers with the added value they require at the right price. We react fast and adapt to change easily because we keep our teams relatively small so they can communicate, pass on expertise and share experiences easily. We function with efficient, responsive, motivated teams; short communication channels; and rapid decision-making.

Certified expertise

Security management	Cegedim has obtained certifications guaranteeing the quality of its security management expertise and upgrades. Cegedim IT, a Cegedim group subsidiary that houses all the Group's IT resources (both human and material resources), rolled out and operates an ISO 27001-certified data security management system for our data centers in France, our data and app hosting activities, and our managed services.
Quality and internal control – ISAE 3402	Since 2012, Cegedim has employed quality and internal control procedures in accordance with the ISAE 3402 (International Standard on Assurance Engagements) Type II standard, which is reviewed annually. This standard, which stemmed from the United States' Sarbanes-Oxley Act (SOX), requires the suppliers of companies applying it to be audited for financial risks too. The examination is carried out annually by a third-party auditor recognized by the Auditing Standards Board of the American Institute of Certified Public Accountants. The following companies and activities have earned the ISAE 3402 Type II standard: – Cegedim.cloud for all its activities, – Cegedim Activ' for its SaaS, managed services, and technical hosting activities, – Cegedim SRH for all its activities, – CETIP for all its activities, – IGestion for all its activities.
Standards and certification ISO 27001	Cegedim also applies several international standards, like ISO 27001, the information security standard; ISO 20000/ ITIL, the IT service management standard; ISO 9001, the quality management standard; and CMMI, the project management and software development program. The following companies and activities earned certifications: – ISO 2700, 20000, ISO 270171, ISO 27018 for Cegedim.cloud's hosting and managed services at the data centers based in France, – ISO 27001 and ISO 20000 for Cegedim Activ's SaaS, managed services, and technical hosting activities (France), – ISO 27001 for pharmacy IT supply, support, and maintenance services at Cegedim RX (UK), – ISO 27001 for healthcare industry IT supply, support, and maintenance services at INPS (UK).
HDS accreditation and certification	Cegedim has obtained the following certifications to host personal health records: – HDS certification to host personal health records () in France.

Aiming for operational excellence

Research and development	Cegedim devotes a large share of its resources to innovation and Research & Development. Our efforts in this area represent a significant—and growing—share of both revenue and human resources. This proactive policy allows us to offer our stakeholders products and infrastructures that meet the latest quality, security, and environmental standards and requirements. We have set up a virtual pharmacy at one of the Boulogne-Billancourt sites to showcase Group products and innovation to both our clients and employees.
OPEX (Operational Excellence)	The OPEX (Operational Excellence) department is responsible for the information systems security policy. Every year, it defines the general security objectives for the Group and its subsidiaries, in agreement with senior management. It monitors the implementation of measures required to meet the security objectives at monthly Group security committee meetings.
Product certification	Cegedim Group products enjoy a variety of certifications and accreditations specific to the countries, regions, and industries in which they are sold. In France, these include SesamVitale, HAS, DMP, LAP, TLSi, and e-santé (CDS/MSP); in Belgium, EHealth / CIN; in the UK, NHS, EMIS, TPP, MHRA, NMVS, and Research Ethics; and in the US, Rx and DEA. These certifications and accreditations—which are regularly renewed—demonstrate that our high-quality products and solutions meet the strictest standards.
Project management	We account for security right from the start of every type of project (data processing, business, or software development). We identify security requirements when projects are initiated. If these requirements are not formally defined in writing by the customer, or in the project specifications, we apply the standard security requirements of the subsidiary or organization concerned.
Technological developments	We verify our technological developments using a process security policy, change control procedures, a technical review of applications after the changes, tests and recipes. Our environments undergo security and engineering checks that meet the highest standards.
Information systems security audits	Cegedim regularly audits the security of its information systems. Independent assessments of information security are carried out regularly within the group: internal and external audits, certification and customer audits, and vulnerability checks. These audits are conducted in such a way as to safeguard the independence of both the auditors and their findings.
Synergies and internal optimization	We manage our workforce using our own human resources and skills management tools and services. Our SRH subsidiary, which specializes in outsourced HR management, offers a range of solutions and services, from payroll management to employee management, with its Smart RH offer. Its TeamsRH platform is a complete, modular tool with a wide range of functions that meet the needs of every organization: payroll and personnel administration, HR portal, HR monitoring and decision-making, career and skills management, time management, etc.

Reputation and external communication	We care deeply about our image and reputation. Only employees with delegated authority may communicate on the Group's behalf about its activities, products, partners, and suppliers. This applies to both traditional media (press, websites, radio stations, etc.) and social media. This issue is covered in full in the Ethics Charter, which also informs our employees about the need to use social media responsibly and respectfully.

Practicing continuous improvement

Service Management System	Providing top quality products and services to our clients and partners is a cornerstone of our strategy. To maintain this level of excellence, Cegedim Group is committed to a continuous improvement policy. To maintain its high quality standards, Cegedim.cloud takes a process-based approach using a Service Management System. This approach is based on the ISO 20000 standard, which is in turn based on the ITIL best practice framework. It also includes Capability Maturity Model Integration (CMMI) principles for engineering and project management. This system is applied to data and application hosting, and infrastructure management services, and is run according to the principle of continuous improvement.
Risk assessment	The risk assessment conducted by Cegedim IT and Cegedim Activ' as part of the ISO/IEC 27001: 2013 certification process is based on the EBIOS 2010 method of France's cybersecurity agency, Agence Nationale de Sécurité des Systèmes d'Information (ANSSI). It identifies and rates the security risks to the availability, integrity, confidentiality, and auditability of the subsidiary's information and draws up a risk treatment plan, if required. Security risk assessments are also conducted for projects in our subsidiaries. The level of detail and the methods employed in these assessments depend on the project's sensitivity and the security requirements expressed at its onset.
Managing suppliers	The IT supplier management process is part of Cegedim IT's Service Management System. It guides relations with suppliers and monitors their performance for the duration of the relationship. Suppliers are assessed according to the quality, innovation, security, and cost of the service they provide. In compliance with current regulations, we also assess our non-IT suppliers. The Group Procurement department conducts annual reviews of critical suppliers, which include both central and Group entity suppliers.
Continuous improvement	As part of its policy of continuously improving information systems security, Cegedim pledges to investigate any weakness in the system reported by employees, clients, or third parties via the dedicated email address: security@cegedim.com. Because the Group's business is growing, there has been a significant increase in the amount of data hosted and processed, which has inflated volumes and increased the need for storage capacity. Apart from financial considerations, the Group's R&D efforts focus on how it can responsibly manage this growth while minimizing its resource usage and environmental impact. As a result, while the amount of data hosting and processing will increase, growth in data volumes can be expected to slow as the Group finds ways to better compress and manage these volumes. If successful, these efforts will be reflected in the indicators and results reported on this topic.

RESULTS

Certifications 2019 | 2018	Continuous improvement 2019 | 2018
77 | 79 Group products with certifications	336 | - R&D e-learning licenses
	2,687 | - Hours of R&D e-learning

OBJECTIVES AND KEY PERFORMANCE INDICATORS

R&D	R&D effort relative to revenues	2019 | 2018 12.3% | 12.5%	**Group research and development** The R&D effort refers to payroll expenses for R&D staff as a percentage of revenues over the past 12 months. This percentage, while not a targeted figure, was stable compared with previous years.

6.8 Behaving ethically

Our commitment	Cegedim has committed to respecting the ten principles of the UN Global Compact, the principles of the 1948 Universal Declaration of Human Rights, and the International Labor Organization's fundamental conventions. Cegedim complies with business laws and regulations and conducts all its activities honestly and fairly, in accordance with the highest ethical standards. Jean-Claude Labrune, Chairman and CEO of Cegedim, has said that for sustainable growth and harmonious development to work, everyone must commit to behaving ethically.

Embracing the Ethics Charter

Our principals	For us, complying with the law goes beyond observing regulatory requirements and avoiding legal sanctions—it is an ethical issue. Ethics is a matter that concerns the behavior of all our employees worldwide, at all levels of the company, with no exceptions. It also concerns the behavior of all corporate officers and members of the executive and management committees of Cegedim Group and its subsidiaries worldwide.
The Ethics Committee	The Ethics Committee comprises five permanent members: Aude Labrune (Director of Group Communications and Chairman of the Committee), Anne-Louise Senne (Director of Group Human Resources), Sandrine Debroise (Chief Financial Officer of the Group), Christelle Vivet (General Counsel), Jan Eryk Umiastowski (Chief Investment Officer & Head of Investor Relations). The Ethics Committee meets as often as necessary. In 2019 it met twice, on May 9 and June 28. Its work focused on making the alert line more efficient and formalizing the procedure, and on the e-learning program for the Ethics Charter, notably with respect to topics related to the Sapin II Act. Group employees may report any concerns regarding Group practices to the Ethics Committee. In 2019, the Ethics Committee received a tip that it investigated and dealt with, although the tip did not lead to an alert.
The Ethics Charter	The Group's Ethics Charter was updated at the end of 2017. It is available in the Group's seven spoken languages: French, English, Spanish, Romanian, Dutch, German, and Italian. It reaffirms our ethical commitment and factors in new laws and regulations on business conduct. The new version is hands-on and instructive and includes concrete examples. The Charter aims to inform and protect Cegedim's employees by setting out the Group's ethical standards and related codes of conduct. It is also available to the general public on the Group's website. The Ethics Charter is given to all new recruits. When it is updated, the latest version in French and English is emailed to every employee and a hard copy is sent to Cegedim Group's Business Directors, board members, and senior executives. These people promote the values and commitments of this Charter among their employees and ensure that they are upheld. An e-learning program was created with specific modules for training employees on the Ethics Charter. The first module, launched in 2019 for employees in France, covers topics from the Sapin II Act—confidential information and equal treatment of suppliers. The international launch will take place in early 2020. All new hires take this e-learning course as part of their onboarding process.

Human rights	Cegedim is present in many different countries and keeps an eye on local conditions, particularly regarding respect for human rights and corruption. We pay close attention to the reports published by organizations like Transparency International and Human Rights Watch, so we can identify risks and potentially sensitive issues. We also endeavor to defend and respect fundamental human rights, and all charters and policies pertaining to those rights are respected on our premises. We also comply with the laws of our host countries. All Group employees, including those in countries most at risk, may use the ethics hotline to confidentially report any difficulties, both inside and outside the company.
Fighting corruption	We are committed to fighting corruption in all its forms and actively apply the relevant portions of France's Sapin II Act. Bribery is forbidden in all the countries where we operate, and extra precaution is used when representatives of public authorities are involved. We have a zero-tolerance policy on corruption, and this includes facilitating payments, i.e. payments made to complete or expedite certain administrative formalities.
Fighting tax evasion	Cegedim faithfully reflects its operations in its accounts and communicates independently and completely transparently about its performance. Cegedim is committed to ensuring the simultaneous, effective, and complete dissemination of financial information that is relevant, accurate, detailed, and truthful in a manner that is timely and consistent with previous publications. We have implemented internal procedures to ensure that our employees work for clients with lawful activities and no financial links to criminal or illegal activities. We also hire a French tax specialist that systematically verifies sensitive operations, and our OECD-compliant price transfer and margin rate policy, to ensure that we respect best practices and current French tax regulations. Cegedim Group does not have any legal entities (companies, subsidiaries, or representative offices) in countries on the list of Non-Cooperative States.

Being a responsible company

A responsible company	Cegedim applies local laws in all the countries where it operates and has taken steps to ensure that it complies with their requirements, particularly regarding corporate social responsibility. In all its host countries, Cegedim respects the principles of the International Labor Organization's conventions (nos. 29, 100, 105, 131, 111 & 138). Management applies these principles and the Human Resources department teams enforce them.
Fair trade practice	We place great importance on choosing our suppliers fairly. They must comply with the principles stipulated in our Ethics Charter and make sure they respect the same principles with their own suppliers and subcontractors. If they do not, Cegedim reserves the right to re-examine and possibly terminate the relationship, in accordance with the law. Our employee ethics training and awareness raising program includes an e-learning module on issues pertaining to competition law and the fair treatment of third parties in our commercial relationships. These issues are part of the e-learning course developed by our Legal Department, which continued to roll it out in 2019.

Digitalization	Some of Cegedim Group's products and services serve a social purpose. These notably include the digitization of management documents, since our efforts help companies automate processes from ordering to payment, including invoicing. Cegedim e-business (SY), a process automation and digitalization specialist since 1989, designs, develops, and markets invoice digitization, probative value filing, and EDI offers in Europe and the rest of the world. These offers are supplemented with electronic signature and business process digitization tools, as well as a digital vault which enables electronic documents to be stored with probative value.

Sustainable procurement and consumption

Office supplies	We encourage our employees to purchase eco-friendly office supplies, as long as the price is reasonable. We prefer to use "Ecolabel" recycled paper or paper from sustainably managed forests, especially for bulk printouts. We have streamlined our purchases and prefer to source our office materials from referenced suppliers who offer a catalogue of selected supplies. These suppliers must meet ISO certification standards and respect our ethical, environmental, and traceability standards.
Sourcing	We take care to buy our promotional items and branded merchandise from suppliers that are also committed to sustainable sourcing and work with certified companies and manufacturers, particularly for clothing items. The company that prints the invitations for our 50-year anniversary events and our main supplier of promotional items are both social enterprises that employ disabled people.
Telephone policy	Our telephone policy also factors in sustainability concerns. We purchase double-SIM mobile phones—so our employees can use the same device for both personal and professional purposes—with low SARs. We also plan to replace our landlines with VoIP solutions. All our telephones are recycled at the end of their lives. As part of a wider effort to streamline our sourcing, the mobile devices we offer our clients in package deals are the same ones we offer our employees.
Food waste	We only purchase food for our meeting rooms and do so occasionally and in very small quantities. We avoid food waste by consistently ordering limited amounts (of water and food) in individual portions and by carefully managing our stocks.
Waste management and Recycling	Certain sites have adopted waste prevention and management practices, notably for paper, cardboard, plastic bottles, and coffee pods. Cegedim Group is currently working to standardize best practices, notably for sorting and collecting recyclables from offices, and has set a target of adopting them Group-wide in 2020. Local teams responsible for site services also encourage more responsible behavior and initiatives. For example, ink cartridges, batteries, and light bulbs are widely recycled throughout the Group and many of our subsidiaries increasingly choose to recycle their paper waste. Drink dispensers use recyclable cups, and new hires receive a reusable mug when they arrive. Filtered water fountains are increasingly common at Group sites, which helps employees limit their use of disposable containers.

RESULTS

Sustainable procurement	Digitalization
2019 | 2018	**2019** | 2018
100% | 100% All the paper and envelope products listed in the Group catalog in France, office supplies, Copy center and mandatory regulatory information are eco-certified	**81%** | 78% of employees in France receive digital payslips

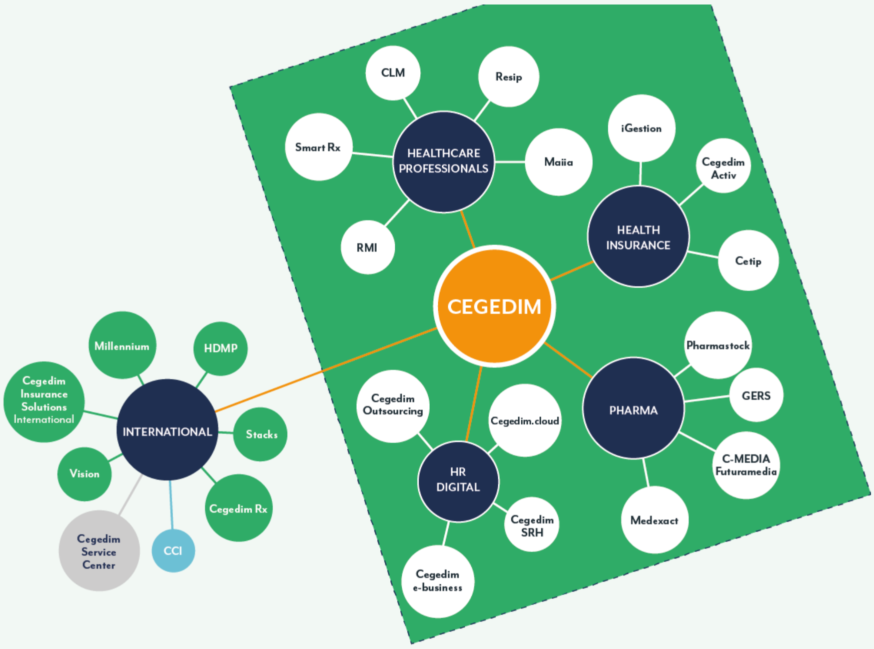
OBJECTIVES AND KEY PERFORMANCE INDICATORS

	Number of Ethics Committee meetings	2019 | 2018 2 | 2	**Ethics Committee** The Ethics Committee met twice in 2019, in May and in June. No incidents were reported to the alert line.	**Objective** Although meeting frequency depends on the topics on the agenda, the aim is to meet at least once every six months.
	Share of eco-friendly purchases	2019 | 2018 49% | 48%	**Office supply purchases** Purchases of office supplies in France are centralized in a Group catalog that highlights eco-friendly products from a supplier with a sustainability policy.	**Objective** Over 50% of purchases should be eco-friendly moving forward.

6.9 Methodological note

Scope of consolidation

The information contained in this report concerns the whole of Cegedim Group, i.e. the parent company and all its fully consolidated subsidiaries, unless a different scope is expressly stipulated. In general, the comments are more detailed and the illustrations more numerous for the French companies, which represent 68% of the total Group workforce. Unless otherwise specified, the human resources figures are for all the fully consolidated companies worldwide, i.e. 70 companies.



Information sources

In order to ensure the consistency and reliability of the indicators monitored in all its entities, the Group has developed shared human resources and environmental reporting tools. They include methodological instructions and definitions to ensure that the questions are clear and the answers comparable.

The human resources figures were collected using the TeamsRH worldwide database developed by the Group. This database enables workforce data as well as other human resources information to be monitored in each country. It meets the security and confidentiality requirements and is compliant with the data collection and processing laws of each country, which are strictly observed. It is updated daily by the Human Resources teams in the Group's various subsidiaries.

The other quantitative data is collected via a questionnaire that is included in the annual consolidation package and is completed by each of the consolidated subsidiaries.

Data relating to external suppliers is also used, notably statistics from travel agencies relating to CO_2 emissions, and invoices and annual reviews prepared by energy suppliers that show the energy consumption in kilowatt hours.

The qualitative information in this report is based on interviews with the managers from the relevant departments, both at the Group's head office and in the subsidiaries (notably in the Human Resources, Information Technology, Operational Excellence and Finance departments).

A questionnaire is sent to each country in which the Group operates and completed under the local Financial Director's responsibility in the consolidation software. It can be completed—one questionnaire per country—until the closure of annual accounts. The survey's purpose is to assess how much is known about the Group charters and whether their measures are applied. It is also used to provide qualitative information on foreign subsidiaries' best practices and initiatives regarding human resources, environmental, and social issues. If need be, additional interviews may be conducted based on the responses.

Reporting period	The information in this report covers a 12-month period from January to December 2019. The only exceptions are the energy consumption indicator, which is based on a rolling 12-month period with a maximum difference of two months on the previous fiscal year.
Methodological explanations and limitations	The methods used for some of the indicators may have limitations due to: – The lack of nationally and/or internationally recognized definitions (for example, for the different types of employment contract); – The need to use estimates, the representativeness of the measurements, the limited availability of external data needed for the calculations; – The practical and legal methods of collecting and entering data (for example, storing information about employees' age or gender may be forbidden in some countries). Where necessary, the reporting scope and completeness of the measurements for some indicators were adjusted. This is indicated in the report. Notably: – The information needed to calculate the frequency and severity of work-related accidents could not be collected across the Group. The number of work accidents is nonetheless provided; – CO_2 emissions only relate to business travel by airplane in 2019 of French entities; – Electricity and gas consumption in kilowatt-hours refers to the entities established in France, Morocco, Romania and UK. These countries represent more than 94% of the Group workforce. It also includes establishments for which the data is available (Chile and Germany). A marginal number of premises are excluded since their utility costs are included in the rent and do not significantly affect the published information. – Because the 2019 update to ADEME's guidelines was not available when this document was written, we used the 2018 formula to convert electricity and natural gas usage into their CO_2 equivalents. The Group intends to continue to gradually expand the scope of these indicators to a larger number of countries and to other sources of emissions.
Non-applicable indicators	Given the Group's activities, the following indicators are not considered to be applicable: – Food waste; – The fight against food insecurity, respect for animal welfare, and ensuring fair, responsible, and sustainable food sources.
Consolidation and internal controls	The data are consolidated under the responsibility of the Human Resources and Internal Control departments at the head office of the consolidating entity. An initial validation of the data is carried out by the persons responsible for collecting it. Consistency checks are then carried out by the Human Resources and Internal Control departments when consolidation takes place. These checks include comparisons with data from previous fiscal years. Any differences considered to be significant are analyzed. Checks also include ratio analysis when data can be related to the workforce, to a business activity, or to another relevant indicator used to compare entities.
External controls	In order to obtain an external opinion on the reliability of the data and the soundness of the reporting process, an independent third party was asked to attest to the Declaration's conformity with the provisions of article R. 225-105.1 of the French Commercial Code and issue an opinion as to the accuracy of the information provided, i.e. policies, actions, and results, including key performance indicators relating to the main risks. Therefore, specific checks were conducted regarding the information in the report, as key indicators of the Group's Statement of non-financial performance. The independent third-party Assurance Report explaining the verification procedure, together with the auditor's comments and conclusions, is included in this statement and in the Group's Registration Document / Universal Registration Document.

6.10 Report by an independent third party, on the consolidated non-financial statement included in the Group management report of CEGEDIM

This is a free translation into English of the independent third-party report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2019.

To the shareholders,

In our capacity as independent third party accredited by COFRAC (accreditation number 3-1058; requirements available at www.cofrac.fr), member of the Mazars network, and the Cegedim Group's Statutory Auditors, we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2019 (hereinafter the "Statement"). This Statement is included in the Group management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in respect of those risks, and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in this statement or available on request from the entity's head office.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control that includes documented policies and procedures designed to ensure compliance with ethics rules, French professional guidelines, and applicable legal and regulatory requirements.

Responsibility of the independent third-party auditor

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the accuracy of the information provided in accordance with point 3° of article R. 225 105, paragraphs I and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented with respect to the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- nor on the compliance of products and services with applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, with the professional guidelines of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, and as well as with ISAE 3000[1].

- we obtained an understanding of all the consolidated entities' activities and the description of the main risks;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement provides the principal risks required under article R. 225-105 II and includes, if relevant, an explanation for the absence of the information required under article L. 225- 102- III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators related to the main risks;
- we referred to documentary sources and conducted interviews to corroborate
    - the consistency of the outcomes and the key performance indicators used with respect to the principal risks and policies presented;
    - the qualitative information (measures and outcomes) that we considered to be the most important presented in Annex 1. Our work concerning all the risks presented in this Statement was conducted at the parent company level.
- we verified that the Statement covers the scope of consolidation, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement's "Methodological note";
- we became acquainted with the internal control and risk management procedures implemented by the entity and assessed the collection process designed to ensure the completeness and truthfulness of all information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented and presented in Annex 1:
    - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
    - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[2] and covers between 68% and 100% of the consolidated data relating for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities;

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of three people between November 2019 and March 2020 and took a total of two weeks.

We & Compliance, Human Resources and IT departments.

Conclusion

[1] ISAE 3000: Assurance engagements other than audits or reviews of historical financial information.

[2] *French entities of the Cegedim Group.*

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, March 19, 201920

MAZARS SAS

Jean-Philippe Mathorez

Partner

Edwige Rey

CSR & Sustainable Development Partner

Annex 1: Information deemed to be the most important

Qualitative information (actions and outcomes) concerning the following principal risks:

- Inability to retain top talent and employees;
- Damage to infrastructures and data;
- Negative environmental impact of our activities;
- Inability to maintain high standards;
- Unethical behavior.

Quantitative indicators including key performance indicators

- Percentage of confirmed permanent contracts;
- Number of confirmed employee referral hires;
- Number of recruiting events;
- % of completion of the security checklist;
- Increase in the volume of hosted data;
- % of vehicles emitting < 120g CO_2 a < 140g CO_2 ;
- Increase in the number of virtual servers;
- R&D effort relative to revenues;
- Share of eco-friendly supplies listed in the Group catalog in France;
- Number of Ethics Committee meetings

07

Risk management

7.1 Risk Management Policy

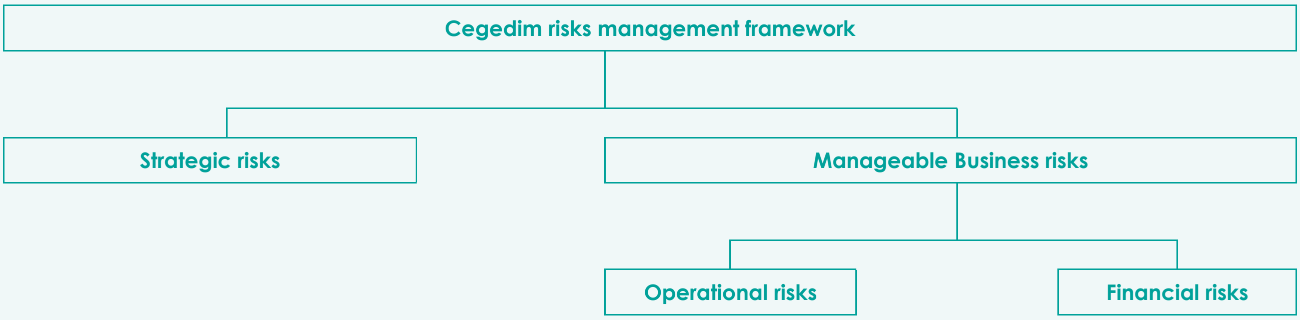
At Cegedim, we understand that in doing business we face a range of risks. Risk-taking is a condition of maintaining a sustained favorable profitability. Our success, and that of our partners, depends on identifying and mitigating these risks as early as possible. Our risk management process reduces uncertainty and keeps us on track to achieve our ambitions and deliver value to our stakeholders.

Risk definition

Risks are defined as potential developments and events that may result in a negative divergence from company objectives and forecast, and they stem from uncertainty regarding the occurrence of an event. Uncertainties may be due to events in the world and can affect industries and markets and thus have an impact on Cegedim's aspirations and vision. These uncertainties may provide opportunities, which the Group tries to capture in its strategy. In some cases, the Group can influence the likelihood that a risk-related event will occur. In other cases, when such events are beyond the Group's control, the Group strives to minimize their impact.

Cegedim risk management framework

Cegedim faces different types of risks that can be divided into Strategic risks and Manageable Business risks. The Strategic risks are related to the Group's strategy and are impacted by the external environment, while the Business risks comprise Operational and Financial risks. Active risk management is essential for Cegedim to drive successful operation and, accordingly, the Group monitors and minimizes key risks in a structured and proactive manner.



Identifying and managing our risks

We undertake a two-stage process to identify our principal risks. All local markets and entities identify their priority risks, which are consolidated into a Group-wide view. We then conduct interviews with senior leaders to gain their insights. The results of the two exercises are consolidated to produce our principal risks, as reported hereafter.

Risks are assessed based on a two-dimensional heat map rating system that estimates the impact of a risk including on financials or reputation and the likelihood of that risk materializing.

The most significant risks are reviewed and assessed by the Audit Committee and the Board of Directors.

Cegedim's Chief Compliance & Risk Officer is responsible for the process. She also ensures that top management promotes risk awareness, involvement, and ownership across the organization.

The Group's risk management is consistent with the framework recommended by the AMF.

This section also includes a description of the risks adopted for the Group's Statement of Non-Financial Performance, prepared pursuant to Article R. 225- 105 I° of the French Commercial Code. These risks are formally identified by the acronym "SNFP", and the management policies and risks are described in Chapter 6 of this document.

Risk ranking

The risks identified by the Group have been ranked according to their level of criticality, which is based on their likelihood and the severity of their impacts, as presented in the table below, in each category, only the top three risks are ranked:

Strategic risks

1. Covid-19 epidemic related to the coronovirus
2. Regulatory environment
3. Competition and market consolidation
4. Brexit

Operational risks

1. Dependence on IT systems and Cybersecurity
2. Data protection
3. Human Resources: Attracting, retaining, and developing talent
   - Developing products and services that are tailored and relevant to local markets and market conditions
   - Acquisitions, divestments, and investments
   - Ongoing litigation
   - Compliance with national tax laws and international standards
   - Business ethics
   - Minority investments
   - Controlling shareholder

Financial risks

1. Impairment
2. Foreign exchange
3. Interest rate
   - Liquidity
   - Seasonality

7.2 Risk factors

Strategic risks

STRATEGIC RISKS	What is the risk / How we manage it
STRATEGIC RISKS Covid-19 epidemic related to the coronovirus	**What is the risk / How we manage it** Faced with the recent development of the coronovirus and the covid-19 epidemic, and their effects on the European economy, the Group has activated its continuity plans and is closely monitoring any impact on its activities. We support our customers, partners, and employees during this difficult time. However, at this stage, it is too early to fully assess the impact on Cegedim's operations and financial results, so it is impossible to comment on the 2020 outlook.

STRATEGIC RISKS

Regulatory environment

What is the risk

Cegedim must comply with a multitude of local and international laws as well as more specific regulations. These includes product and services certification requirements, data privacy, anti-money laundering, competition law, anti-bribery law, and economic sanctions.

The Group's businesses are subject to a growing number of regulations, specifically in the healthcare space. Regulatory decisions and changes in legal and regulatory systems could materially and adversely affect our business, results of operations, operating procedures and profitability. Such changes may not be anticipated or, where they are anticipated, our assessment of their impact on us and our business may not be accurate.

The regulatory environment governing healthcare—and more specifically the health insurance business and the health data business—regularly undergoes massive changes, and regulations are heavy. For example, the recent strengthening of personal data protection regulations, including the General Data Protection Regulation, increases the risks associated with regulatory non-compliance. See "Major trends by Business group" Chapter 1, point 1.4, "Major trends by Business Group " and the "Data protection" risk in this chapter.

Changes to our regulatory regime could increase the cost of updating or developing a new service, restrict or impede the way we provide our services or manage our networks, or alter customer perceptions of our operations.

Additionally, through Docavenue, we are entering into new areas such as virtual care, which are less predictable from a regulatory regime perspective. These market segments may be regulated differently in certain countries, and may be subject to political intervention.

How we manage it

- A significant majority of Cegedim's revenue is generated from the sale of its products and services to healthcare companies and healthcare professionals.
- We have subject-matter experts on our legal and regulatory teams, both locally and at the Group level, and a robust policy compliance framework.
- Cegedim actively participates in administrative thinking by presenting its positions and solutions to industry and other stakeholders, be they local decision-makers or lawmakers.
- We seek to comply with all applicable laws and regulations in all our markets. See risk "Business ethics".
- We seek to process personal data honestly, ethically, with integrity, and always in a manner consistent with applicable laws and our values. See risk "Data protection and Business ethics".

We train our employees to "Do what's right", our training and awareness program, which defines our ethical culture across the organization and ensures employees understand their role in ensuring compliance.

STRATEGIC RISKS	What is the risk
Competition and market consolidation	The markets in which Cegedim is present are sensitive to factors such as changes in regulatory developments, or technology or business model disruption. There is no assurance that our current or future competitors will not provide services that are superior to ours or at a lower prices, adapt more quickly to evolving industry trends and customer needs or changing market requirements, enter markets in which we operate, or introduce competing services. Any of these factors could increase or introduce churn, or reduce our business market share or revenue. Consolidation among competitors and customers has the potential to make the market more stable. It could increase our competitors' and customers' financial strength and bargaining power. Lastly, digitalization is a key growth lever for the Group; however, it might cause market disruptions or business model changes in all Cegedim business activities. The developments in the teleconsultation markets are an illustration of this. **How we manage it** – We monitor the competitive landscape in all markets to assess risks. – We continuously invest in innovation to ensure that our product portfolio contains the latest concepts and applications.[investment in innovation– graph] – The diversity of the Group's business activities, the depth of its technology portfolio, and its openness to innovation are strengthening its ability to adapt to the changes in its markets. – As with any company, Cegedim has limited resources, and we must at all times select and invest in the new technologies we believe provide the best potential for our customers.

STRATEGIC RISKS	What is the risk
Brexit	The United Kingdom's decision to leave the European Union ("Brexit") could result in a downturn in the country's economic and budget situation, increased volatility of the pound sterling against the euro, and a change in the rules governing the movement of goods and persons between continental Europe and the United Kingdom. This negative context could impact Cegedim's business activity and profitability. In 2019, the UK accounted for 10.0% of consolidated Group revenues and 8.0% of consolidated Group Recurring Operating Income[(1)], and Cegedim employs around 500 people in the country. **How we manage it** Cegedim deals in local currency in the UK, as it does in every country where it is present. Thus, Brexit is unlikely to have a material impact on Group Recurring Operating Income[(1)]. With regard to healthcare policy, the Group has not identified any major European programs at work in the UK, and no contracts with entities in the UK contain clauses dealing with Brexit

(1) See Chapter 4 "Consolidated Financial Statements" section 4.6 Note 2 on Alternative performance indicators.

Manageable business risks

Operational risks

OPERATIONAL RISKS

Dependence on IT systems and Cybersecurity

SNPF

What is the risk

The Group operates complex IT systems and infrastructures that are essential to the smooth running of its operational, commercial, and financial processes. These information systems include management, development and engineering systems, as well as platforms operated on behalf of its customers and datacenters that must be protected against any malfunctions, malicious acts, human error, or cyberattack.

A successful disruption of our systems, networks, and infrastructure may prevent us from providing reliable service; impact the operations of our network, software, and web services; or allow for the unauthorized interception, destruction, use, or dissemination of our data or our customers' information, with the resulting chain of potential repercussions. Such disruption or unauthorized access to data and information could cause us to lose customers or revenue, incur expenses, and experience reputational and goodwill damages. It could also subject us to litigation or governmental investigation and sanction. The costs of such events may include liability for information loss, as well as the costs of repairs to infrastructure and systems and any retention incentives offered to customers and business partners. Our insurance may not cover, or fully reimburse us for, these costs and losses.

How we manage it

We aim for a secure digital future for our customers.

If our networks or key network components fail, it could, in some circumstances, result in a loss of service for our customers for certain periods and have an adverse effect on our results and our financial position.

The Group strives to strengthen the security of its infrastructure, its software and services, its websites and its networks. Infrastructure monitoring and management is performed constantly. IT and security audits are performed to assess whether the level of security is adequate; they give the Group a good overview of the reliability of its IT systems. In addition, awareness-raising campaigns are conducted. Lastly, tests are carried out on the recovery of the Group's IT systems following a hypothetical cyberattack, and a plan designed to facilitate the recovery of data as efficiently as possible has been drawn up.

Cegedim also applies several international standards, like ISO 27001, the information security standard; ISO 20000/ ITIL, the IT service management standard; ISO 9001, the quality management standard; and CMMI, the project management and software development program. The following companies and activities earned certifications:

- ISO 2700, 20000, ISO 270171, ISO 27018 for Cegedim.cloud's hosting and managed services at the data centers based in France,
- ISO 27001 and ISO 20000 for Cegedim Activ's SaaS, managed services, and technical hosting activities (France),
- ISO 27001 for pharmacy IT supply, support, and maintenance services at Cegedim RX (UK),
- ISO 27001 for healthcare industry IT supply, support, and maintenance services at INPS (UK).

Cegedim has also taken out a policy with a company known to be solvent for "intangible computer damage" that covers operating losses and computer data resulting from an insured event for up to €15 million per year. As of January 1, 2019, Cegedim has also taken out a specific policy that covers cyber risks.

OPERATIONAL RISKS

Data protection

SNPF

What is the risk

We operate data centers and collect and manage data in our business and on behalf of our customers (including sensitive health information). Cegedim or its partners may be subject to software, equipment, or other system malfunctions, or thefts or other unlawful acts that result in unauthorized access of data, or the change, loss, or destruction of our data. There is a risk that such malfunctions or unlawful acts may compromise the privacy of individuals, including our customers, employees, and suppliers.

Despite our best efforts to implement controls in our operations and at our partners' operations, unauthorized access to data could lead to data being lost, compromised, or used for inappropriate purposes that could, in turn, result in financial loss (loss of customers or damage to our ability to attract new ones), harm our reputation and brand, expose us to claims of damages by customers and employees, and impact our customers' ability to maintain normal business operations and deliver critical services.

Lastly, the new General Data Protection Regulation (GDPR) impacts the handling of personal data. Failure to comply may result in substantial fines.

How we manage it

- The Group has increased IT security and stepped up employee awareness initiatives by implementing a large number of control and protection measures, establishing processes and procedures, and developing targeted IT security systems. For details see risk "Dependence on IT systems and Cybersecurity".
- A GDPR project group works on ensuring compliance with the new regulations. Training is ongoing to maintain awareness among employees.
- Creation of a network of Data Protection Officers.

For details see Chapter 6 "SNFP".

OPERATIONAL RISKS

Human resources: Attracting, retaining, and developing talent

SNPF

What is the risk

Inability to identify, attract, motivate and retain staff and nurture their skills. Loss of know-how and agility among the Group's teams.

Cegedim must have access to skilled and motivated employees in a timely manner and safeguard the availability of competent managers to achieve established strategic and operational objectives.

It is becoming increasingly difficult to hire or to fill vacancies with qualified personnel in specialty fields. This in turn leads to risks such as lack of know-how transfer. At the same time, Cegedim has a relatively high annual need for new employees. This context of tension in the talent market is heightened by the search for scarce skills (e.g. software programmers, digital jobs), and by changes in the aspirations of new generations.

How we manage it

Our employees make the most important contribution to the company's success. As an international technology company, we need dedicated and highly qualified colleagues around the world—now and in the future.

We counteract the resulting risks in particular by improving our attractiveness as an employer and by taking extensive recruitment measures. For a number of years now, the Group has been developing an active human resources management policy aimed at making it more attractive, encouraging integration, and developing talent.

Extensive new appointments create diversity in the workforce, which can lead to more creativity and productivity if there is an extensive transfer of knowledge and good diversity management. Young employees bring new ideas and concepts into the working routine. Older employees have varied and extensive experience and pass on their knowledge to new groups of employees. In addition, in mixed teams, new perspectives and viewpoints are contributed to the solution-finding process. In the long-term, and in an appropriate corporate culture, this can have an impact on the innovation capacity and performance of Cegedim Group.

We aim to attract and retain key employees through both monetary and non-monetary policies. Our compensation and benefits program is designed to support our high-performance culture and is both market-driven and performance-based. Where required, we implement targeted retention solutions for employees with talents that are scarce in the marketplace. We also have a succession planning process to identify and develop employees for key management positions. Additionally, we strive to continuously improve our employee engagement.

The Group has also established an ambitious skills development policy facilitating dynamic career management; as such, shared processes and tools have been developed to allow all affiliates to optimize the assessment of skills and performance, to formalize the detection of potential, and to encourage internal mobility.

Lastly, Cegedim facilitates telework, measures related to well-being at work, and the modernization of workspaces. See also Chapter 6 "SNFP".

OPERATIONAL RISKS

Developing products and services that are tailored and relevant to local markets and market conditions

SNPF

What is the risk

We operate across markets that are at different stages of market development and which have different levels of market attractiveness. Our Company must be sufficiently agile to develop and deliver products and services that meet local market needs, or we risk ceding advantage to our competitors and failing to deliver against our targets of growth, profitability, and cash conversion.

If we are not flexible, agile or innovative enough to adapt to local business and consumer needs, our existing customers may choose not to renew contracts, or may seek price reductions which may have a negative impact on our ability to maintain or increase margins and cash flow.

How we manage it

- In 2019 Cegedim spent around 12.3% of revenue on payroll expenses for the R&D workforce;
- We invest in SaaS plateforms for our existing businesses and in new digital services;
- We improve our offering to avoid commoditization;
- We consolidate into a single operating platform to help improve performance visibility, customer satisfaction, and operating efficiency.
- We acquire targets that have a strong cultural fit with the brand and our service model whilst supporting growth.
- We exit businesses that are unprofitable, non-core, or have commodity characteristics, e.g. Pulse and Cegelease.
- We make targeted investments in innovation to support value-added and innovative concepts to meet market and regulatory needs and defend against commoditization.

OPERATIONAL RISKS

Acquisitions, divestments, and investments

What is the risk

Acquiring complementary businesses to extend its geographic footprint, improve its market share in existing geographies, and round out its technological portfolio; developing strategic alliances; and divesting portions of our business are often required to optimally execute our business strategy.

Making acquisitions entails risks related to the selection and valuation of the potential targets as well as the process of acquiring the targets.

In addition, the integration of acquired businesses can be a complex and demanding process. The services, technologies, key personnel; compliance with regulatory standards, or businesses of companies we acquire may not be effectively integrated into our business or service offerings, or our alliances may not be successful, which may have an adverse impact on growth, profitability, and cash flow.

The financial performance of the companies acquired might not be in line with the assumptions upon which their valuation and the decision to invest were based. Significant variance could lead to the impairment of goodwill and other intangible assets, thereby negatively impacting Cegedim's results and balance sheet.

Some areas of our operations (and adjacent businesses) are subject to rapidly evolving technologies and consumer usage and demand trends. It is possible that we may not effectively forecast the value of consumer demand or risk of competing technologies, resulting in higher valuations for acquisitions or missed opportunities.

We also may not be able to successfully complete certain divestitures on satisfactory terms, if at all.

For more information see page Chapter 3 "Overview of the financial year" section 3.3 "Investment Policy" point "Financial Investment".

How we manage it

Before any planned acquisitions, audits and due diligence are conducted by the Group's management, the Investment Department, and the Legal Department in order to analyze the fundamentals of the target company and evaluate risks involved. Furthermore, the Group surrounds itself with specialized advisers when needed. For larger acquisitions and demergers, a dedicated project team is established. Due to the applicable regulations, these due diligence procedures are more limited when the target company is listed.

A review is also conducted at each key stage in the acquisition process to confirm Cegedim's interest and set the necessary conditions and parameters to ensure a successful outcome.

The Group may use deferred consideration to mitigate deal risk.

Once the acquisition is done, annual impairment tests are made on acquired goodwill. For more detail, see "Impairment risk".

OPERATIONAL RISKS

Ongoing litigation

What is the risk

Cegedim's business operations are affected by numerous laws and regulations as well as commercial and financial agreements with customers, suppliers, and other counterparties, and by licenses, patents, and other intangible property rights.

We are subject to legal proceedings, investigations and legal compliance risks.

Major litigation of any type could have an adverse impact on the Group's financial position (in the event of a fine or damages), or the Group's image and reputation due to media coverage and/or posts on social networks, and may result in the loss of revenue.

Cegedim is involved in several disputes related to the normal conduct of business. No litigation is sufficiently important to have a significant impact on the Company's financial situation or profitability.

How we manage it

The Legal Department identifies all significant litigation and legal risks for all of the Group companies (type, amounts, proceedings, level of risk) and tracks and monitors these on a regular basis, ensuring information is aligned this information with the information held by the Corporate Financial Department and reporting back to the Executive Board, the Audit Committee, and the Statutory Auditors twice a year.

To prevent disputes or limit their impact, Cegedim's legal policy is as follows:

- We systematically seek alternative dispute resolution mechanisms, such as mediation;
- We have implemented preventive measures. Marketing and operational teams are made aware of legal issues on an ongoing basis, model agreements are made available, and the legal teams provide support in the very early stages of projects;
- And lastly, the legal teams provide the Top Executive Management with a weekly report.

The Group sets aside adequate provisions where necessary to cover risks on general or specific disputes. Moreover, the Group is not aware of any governmental, judicial, or arbitration proceedings, including any that have been suspended or threatened, liable to have or that have had material effects on the financial situation or profitability of the company and/or Group over the past 12 months.

To guard against risks of non-compliance due to a lack of awareness of legislative or regulatory change, Cegedim provides its businesses with a regulatory intelligence service that provides advice on laws and regulations, including compliance, as well as support with contract reviews.

See also Chapter 3 section 3.1 "Activity report" point "Financial year highlights".

OPERATIONAL RISKS Compliance with national tax laws and international standards SNPF	**What is the risk** Non-compliance with the national tax laws and international standards applicable to Group entities, leading to tax investigations and disputes arising out of the normal course of business. The Company operates across many different tax jurisdictions and is subject to periodic tax audits which sometimes challenge the basis on which local tax has been calculated or withheld. Successful challenges by local tax authorities may have an adverse impact on profitability and cash flow. **How we manage it** As a responsible corporate citizen, Cegedim is firmly committed to complying with—and ensuring that all Group entities worldwide comply with—applicable national tax laws and international standards. Cegedim is also committed to ensuring that all Group entities pay all the taxes due in each of the countries where they operate.
OPERATIONAL RISKS Business ethics SNPF	**What is the risk** Compliance with rules of ethical business conduct (particularly anti-corruption and influence peddling). See also Chapter 6 "SNPF" of this document. Cegedim's business encompasses a variety of sectors, and it is present in more than ten countries where anti-bribery laws apply with potential extraterritorial effect. Examples include the UK Bribery Act or the Sapin II law in France. Failure to comply with the laws and regulations applicable to ethical business conduct and, in particular, the fight against corruption and influence peddling, may have serious legal and financial consequences for the Group and severely damage its reputation. **How we manage it** – Code of Conduct refreshed and strengthened in 2018 in order to take account of recent legislative and regulatory changes, especially those resulting from France's Sapin II law. It is circulated to all employees. – Group Legal involvement in all acquisitions, including advising on risk and regulatory issues. – Mandatory online training on anti-bribery, seeking to instill a highly principled culture of ethical behavior. – Zero-tolerance policy on bribery and corruption, including facilitation payments. – The Group supports fair competition and forbids discussions or agreements with competitors concerning pricing or market sharing. – Risks of corruption and influence peddling have been mapped. The map covers all Group activities and has resulted in the development of appropriate action plans. The results of the risk mapping process were presented by the Group Chief Compliance and Risk Officer to the Audit Committee at its meeting of May 14, 2019, and the action plan was presented on October 23, 2019. – A whistleblowing procedure is also in place to help the Group remain alert to breaches of the Code of Ethics. – Creation of a network of Compliance Officers.
OPERATIONAL RISKS Minority investments	**What is the risk** Cegedim carries out some of its business through companies in which control is shared with, or exercised by, other partners. In 2019, the Group's share in the net income of equity affiliates accounted for around 15% of Group Operating Income. A deterioration in the performance of these companies may impact the Group's results and financial position. Cegedim could be subject to decisions which are harmful to its interests. Furthermore, the application of management rules and principles in these entities may differ from those adopted by Cegedim for entities over which it exerts exclusive control. Access to financial or operational data could be more limited than in the entities where Cegedim exercises exclusive control. **How we manage it** The Group aims to define appropriate governance methods by seeking to be represented on the Board of Directors (or a similar decision-making body), and more generally, to negotiate contractual or governance provisions that are in Cegedim's best interests.

OPERATIONAL RISKS Controlling shareholder	**What is the risk** Cegedim is a family-founded, family-controlled company. Voting control of Cegedim is held by FCB (owned by a small group of individuals that are members of the Labrune family, several of whom are also Board members). As at December 31, 2019, FCB (meaning the Labrune family) owned approximately 53% of our outstanding shares (2018 – 53%) and 68% of voting rights (2018 – 68%). As a result, FCB is able to elect all members of the Board and to control the vote on most matters submitted to a shareholder vote. **How we manage it** On March 19, 2020, the Group adopted the Middlenext Governance Code, and the Board of Directors has three independent directors. The Board of Directors has four standing committees, including the Nomination Committee. Its chief tasks are to review and make proposals to the Board of Directors regarding the creation of a succession plan for corporate officers in the event of an unplanned vacancy.

Financial risks

Financial Risks

What is the risk

As a result of its business, the Group may be exposed to varying degrees of financial risks (especially impairment, foreign exchange rate, interest rate, liquidity and financing, and risks related to financial management, in particular counterparty risk).

How we manage it

The Group's objective is to minimize such risks by choosing appropriate financial policies. However, the Group may need to manage residual positions. This strategy is monitored and managed centrally, by a dedicated team within the Group Finance and Investment Department. Risk management policies and hedging strategies are approved by Group management.

FINANCIAL RISKS

Impairment

What is the risk

A significant portion of the acquisition prices of past and future acquisitions has been and may again be allocated to goodwill. The Group also capitalized part of its R&D development cost. An adverse change in business activity forecasts could lead to a recognition of impairment charges on goodwill or intangible assets, including capitalized R&D.

Goodwill is not amortized. It is subject to impairment tests to determine if a reduction in value might have occurred. An unfavorable change in the business forecasts and assumptions used to project cash flows for the impairment tests, in particular with respect to goodwill, could result in the recognition of impairment charges. These charges could have significant impacts on the Group's results.

How we manage it

The Cegedim Group verifies annually, or more frequently if necessary, the value of its goodwill and other intangible assets.

For more information, please see in Chapter 4, Section 4.6, note 10.1 "Goodwill" and 7.4 "Other non-recurring operating income and expenses"[1]; and Chapter 3 "Overview of the financial year", Section 3.2 "2019 Business review" ; and the Statutory Auditor's Report on the consolidated financial statements in Chapter 4, Section 4.7.

Example case(s)

For example, the disposal of the CRM and strategic data division led to the recognition of a significant capital loss on sale. The Group recorded in 2016, 2017 and 2018, respectively, allowances of €7.5 million, €9.3 million and €6.9 million for depreciation of intangible assets that are becoming obsolete – legacy software.

FINANCIAL RISKS

Foreign exchange

What is the risk

The expansion of our international business entails currency risks. 86.3% of the Group's activities are conducted by subsidiaries in the euro zone, which means Cegedim is exposed to foreign exchange risk. This risk, however, is largely limited to the so-called translation risk, since costs are usually in the same regional market where the associated revenue. Currency effects positively impacted revenue in 2019 by 0.1%. This was chiefly due to the positive impacts of €0.4 million from the US dollar, which represents 1.5% of Group revenues, and of €0.4 million from the pound sterling, which represents 9.8% of Group revenues.

The breakdown of the Group's consolidated balance sheet by currency used to prepare the financial statements of subsidiaries in the Group's consolidated scope at December 31, 2019, is as follows:

Consolidated Balance Sheet at 12/31/2019	EUR	GBP	Other	Total
Amount (in millions of euros)	758.6	101.3	(51.3)	808.6
Share in %	93.8%	12.5%	(6.3)%	100.0%

(1) *See Chapter 4 "Consolidated Financial Statements" section 4.6 Note 2 on Alternative performance indicators.*

FINANCIAL RISKS

Foreign exchange (following)

Using the table below makes it possible to calculate the risk of loss on the net global foreign currency position from a uniformly unfavorable currency movement of 1% appreciation by the currency used to prepare the financial statements against all other foreign currencies. For example, the impact of a uniformly unfavorable change of 1% in the euro-sterling exchange rate on the 2019 financial statements of the subsidiaries that use of the pound sterling to prepare their financial statements would be c.€687,000 with respect to Group shareholders' equity.

In thousands of euros	GBP	USD
Total balance sheet	1,101	24
Off-balance sheet positions	-	-
Net position after hedging	1,101	24

Should the revenue/costs structure remain similar, any appreciation of the euro against the pound sterling would reduce earnings expressed in euros. On the basis of the 2019 financial year, with all other currencies remaining constant against the pound sterling, a theoretical 1% appreciation of the euro against the pound sterling would have a negative impact of approximately €491,000 on Cegedim's revenue, and approximately €20,000 on its Recurring Operating Income[(1)].

The amount of exchange gains or losses on revenue is determined by recalculating 2018 revenues based on the 2019 exchange rate. The currency exchange rates used are the average rates over the financial year.

How we manage it

The Group does not have a policy for exchange rate hedging.

FINANCIAL RISKS

Interest rate

What is the risk

Interest-rate risk refers to the adverse effects of changes in interest rates on the Group's income.

The Group's exposure to interest rate risk may be assessed based on the amount of its consolidated net financial debt, which totaled €180.6 million euros as of December 31, 2019. After hedging, 100% of gross financial debt outstanding was subject to a fixed rate of interest and 0% was subject to a floating rate. An analysis of borrowings by maturity and type of rate, are presented in Chapitre 3, point 3.2 "Group Cegedim 2019 business review" point "Comments on net financial debt".

How we manage it

Financial debt is taken up at the parent company level—Cegedim SA—and transferred to subsidiaries through internal loans or capital injections. Cegedim SA implements interest hedging.

As part of its financial policy, Cegedim seeks to limit interest rate risk by focusing on fixed-rate funding for a significant portion of its financial debt. In addition, derivatives, such as interest-rate swap agreements, are used to manage the interest-rate risk by changing the interest from floating to fixed.

Because the interest rate swaps, existing as of the balance sheet date, was concluded in connection with variable-interest debenture loans that have since been repaid, the hedge relationship no longer exist here — €65.1 million of debt on floating rate for a hedged principal of €80 million.

A conscious choice was made to take part of the loans at a variable interest rate in order to profit from the current low euro interest rate environment.

The Group is naturally affected by changes in interest rates in its functional currency. A rise or fall of 50 basis points in interest rates would result in an increase or decrease of €0 million in the cost of net financial debt. En effet, après couverture, l'intégralité de la dette est à taux fixe

As far as possible, Cegedim group's available cash is pooled centrally by Cegedim SA.

FINANCIAL RISKS

Liquidity

What is the risk

The Group's liquidity risk corresponds to the risk that it will be unable to use its financial resources to meet its financial commitments and thus ensure business continuity. This depends on the Group's level of exposure to market trends that may result in a higher cost of credit or to a temporary restriction in access to external sources of funding.

How we manage it

Liquidity risk management for the Group and each of its subsidiaries is closely monitored and periodically assessed by Cegedim, based on financial reporting procedures. In order to manage liquidity risk that may arise when its financial liabilities fall due, the Group's financing policy is geared towards optimizing its maturity schedule and cost of debt. The Group also seeks to diversify sources of funding and limit reliance on individual lenders.

Special attention is given to the exposure of our bank counterparties to financial and sovereign credit risks, in addition to their credit ratings, which must always be in the top-level categories.

The Group manages this risk by trying to anticipate its cash needs and ensure that these are covered by the Group's short-term and long-term financial resources.

The Group had a €135 million Euro PP, a €65 million RCF, a €45 million Shareholder loan, and €24 million of overdraft facilities a year ago. See Chapter 4, Section 4.6, Note 11 "Financing and financial instruments" for details on debt structure and breakdown by maturities and Chapter 3 section 3.7 "Major contracts"

The RCF was renegotiated on December 20, 2018, for €65 million, with an initial term of five years and one-year loan extension options, activated on December 20, 2019.

As of December 31, 2019, Cegedim had drawn down €20 million of the RCF and the overdraft was undrawn. The undrawn part of the RCF and the overdraft facilities amounted to €45 million and €24 million, respectively.

The Euro PP and RCF are:

- governed by the standard commitment and default clauses customarily included in this type of agreement: pari passu ranking, a negative pledge clause that limits the security that can be granted to other lenders, and a cross default obligation.
- subject to change-of-control clauses entitling bondholders to request early redemption at par if a change of control happens.
- subject to financial ratio covenants. Compliance with these financial covenants is determined according to IFRS. The Group must ensure that, for any relevant 12-month period until the termination date, its leverage ratio is less than 2.50 and its interest cover ratio is greater than 4.50. For the purposes of the calculation, net financial debt does not include employee profit sharing liabilities or the FCB loan. The net debt to EBITDA ratio came to 1.41 (0.74 in Dec. 2018) and the EBITDA to interest expense ratio came to 12.00 (14.86 in Dec. 2018).
- subject to a dividends clause, limiting its distribution to a maximum of 50% of the consolidated net income if the leverage ratio is lower than 1.00 and to a maximum of 30% if the leverage ratio is greater than 1.00 and less than 2.50.
- subject to an acquisition clause, limiting the aggregated enterprise value of all acquisitions made or to be made during a financial year to a maximum of €50 million if the leverage ratio is higher than 2.00. If such ratio is lower than 2.00, the Enterprise value of the acquisitions is not capped.

The Group complied with all these covenants as of December 31, 2019, and there is no foreseeable risk of default.

The Group's exposure to liquidity risk can be assessed in relation to the amount of its gross short-term borrowings excluding derivatives, i.e. €11.4 million, which is entirely covered by the balance of €29.1 million in cash and cash equivalents.

In view of its available cash and confirmed credit lines not drawn at the reporting date, Cegedim has sufficient financial resources to honor its commitments for the next 12 months.

(1) See Chapter 4 "Consolidated Financial Statements" section 4.6 Note 2 on Alternative performance indicators.

FINANCIAL RISKS

Seasonality

What is the risk

The business activities of the Group are somewhat seasonal due to its software publishing activity.

Over the year, the Group generates slightly more revenue in the second half than in the first half.

% of reported revenue	2019	2018	2017
Q1	23.7%	23.9%	24.0%
Q2	25.1%	24.7%	24.9%
Q3	23.5%	23.3%	23.4%
Q4	27.7%	28.1%	27.6%
Year	100.0%	100.0%	100.0%

The proportion of EBITDA generated in the second half of the year is generally much higher than the EBITDA generated during the first half of the year.

Half-yearly % of reported EBITDA	2019	2018	2017
H1	44.9%	43.4%	38.4%
H2	55.1%	56.6%	61.6%
Year	100.0%	100.0%	100.0%

This is largely due to the seasonal nature of Cegedim clients' decision-making processes. In particular, the Health insurance, HR & e-services, and Healthcare professionals divisions are characterized by a certain seasonality effect, as some customers buy the Group's products and services at the end of the year to ensure that they fully spend their annual budgets

Unexpected events in the final months of the year may have a significant effect on the Group's business volume and earnings.

7.3 Insurance and risk coverage

Insurance policy	The Group's policy of transferring significant risks to insurance companies is based on: – achieving the best economic balance between risk coverage, premiums, and self-insurance; and, – the insurance available, insurance market constraints, and local regulations. Coverage is determined by assessing the financial consequences for the Company of a possible claim. Insurance coverage is purchased based on an assessment by site and company of the level of coverage necessary to face reasonably estimated potential occurrences of diverse risks. Uninsured risks are exposures for which there is no insurance coverage offered on the insurance market, or for which the cost of available insurance is disproportionate compared to the potential benefits of the coverage.
Insurance	Cegedim has an insurance program covering it and all the Group companies against professional and civil liability risks inherent in its operations. Cegedim has also taken out a policy with a company known to be solvent for "intangible computer damage" that covers operating losses and computer data resulting from a insured event. In January 1, 2019, Cegedim has also taken out a specific policy that covers Cyber risks. "Other insurance": Cegedim also takes out specific coverages to meet the specific requirements of certain risks or projects.

7.4 Internal control

Objectives	Internal control aims to provide reasonable assurance that the Group's strategic and financial objectives will be achieved and to faithfully and accurately reflect events in the reported figures. The Group creates the conditions necessary for effective internal control, notably by ensuring that management actions, business execution, and employee conduct are within the bounds of all applicable laws and regulations and adhere to the values described in the code of professional conduct and the Group's bylaws. Furthermore, Internal Control is responsible for ensuring that accounting and financial information is accurate and compiled according to current standards and regulations.
Internal control challenges	**The key aspects of internal control within the Cegedim Group fall under the following headings:** **Coordination of business activities** For Cegedim to grow, it must be able to anticipate its clients' needs and satisfy them by coordinating a large number of skills specific to individual business segments. From an internal control standpoint, the success of this model requires the coordination of management actions and employee behavior. It means they must be consistent with the instructions that Group executives issue to the business units, with current laws and regulations, and with the Group's internal rules. **Control and transparency of accounting and financial information** Internal control procedures govern the preparation and disclosure of the Group's accounting and financial information. They are designed to guarantee the information's availability, integrity, conformity, and auditability. **Support for growth** To expand, particularly through acquisitions, the Group needs to be able to identify the external growth opportunities. In this respect, Cegedim's internal control mechanism seeks to accelerate the incorporation of new businesses, control the risks inherent in these transactions, and track their performance. In early 2008, the Group's senior management created an "Operational Excellence" unit (OPEX) in charge of optimizing the way the group is organized and shares information, as well as reinforcing the Group's customer-oriented culture to generate savings from synergies, streamlined tools and processes, and more productive teams. OPEX is able to propose improvements to internal control and financial control by systematically emphasizing the business unit component. **Data processing security** As a leader in the medical data technologies and services sector, Cegedim Group's priority is to provide its clients and partners with complete peace of mind concerning data security. Cegedim Group complies with data protection and privacy laws in all of the countries where it operates. **Acquisition of cutting-edge skills** Cegedim Group considers employee training to be a key success factor, leading to satisfied clients and motivated employees. Cegedim's training policy focuses on continuously adapting the skills of its research and development teams and helping its employees acquire new skills necessary for their work.

Internal control contributors	Cegedim's internal control system involves a high level of interaction between the Board of Directors, Senior Management and the heads of business units, which promotes transparency regarding the Group's strategies, risks, and actions. Cegedim's Senior Management has central management and control bodies that include the Financial Department, the Investment Department, the Accounting Department, the Management Control Department, the Human Resources Department, the Legal Department, the Administrative Department, the IT Department, the Communication Department, and the Operational Excellence unit (OPEX). In 2010, Cegedim's Board of Directors set up an Audit Committee to ensure that the accounts are accurate and reliable, and that information provided is of the highest quality. The Group has consistently sought to strengthen its teams dedicated to controlling and coordinating international operations. OPEX and Legal Affairs, which report to Senior Management, are tasked with devising and establishing procedures that are consistent across the Group's subsidiaries to ensure work methods are uniform. A network of financial officers or controllers in each country or region applies corporate policies at the local level. They verify that financial controls of operations are part of routine management at the local level or are implemented during the operational revamping processes decided by the corporate office. In their respective fields, these management and control bodies oversee Group operations and also use their specialized skills to support business operations.
Ad hoc inspections	Senior Management decides when ad hoc inspections will be made. Other control participants help determine which entities to inspect and what areas to cover. They also help conduct the inspections. The Risk & Compliance Department, Management Control, and OPEX departments typically carry out these assignments. Their scope covers all areas relating to internal control.
Control of legal affair	Cegedim Group procedures require prior review by the Legal Department of all contracts with third parties with respect to their purpose, the representations and warranties therein, and, where relevant, the transnational nature of the transactions they govern. The Legal Department also aggregates information on certain key contracts.
Control of internal security	Cegedim has a governance system for security issues. This means that it takes into account the security of all Group businesses and implements all appropriate protection measures. The Compliance Department reports directly to Senior Management. It includes the Head of Information System Security and defines the Group's security policy using risk analysis. It also ensures that the policy is applied in a manner consistent with the security requirements identified by management through regular internal audits. The Director of Information Systems verifies that decisions to roll out IT systems, and, resources related to data security in particular, reflect Cegedim's strategic priorities. The IT Operations Manager, the Data Security Manager and the Physical Security Manager implement the Company's strategy. They are responsible for putting security procedures in place. The Operations Director ensures that all activities provide the appropriate level of security for Cegedim's strategic decisions, through daily monitoring.

Internal security policy for information systems

Senior Management actively coordinates the internal security policy for information systems, which notably covers:

- Employee security (reducing the risks of human error, theft, fraud, or unauthorized use of equipment);
- Physical security (controlling access, damage, and disruptions to Group assets);
- IT access security (controlling access to information);
- Data security (ensuring adequate data protection);
- Systems administration and network security (ensuring that data processing infrastructures operate correctly and reliably);
- IT development security (incorporating security into development efforts and ensuring the secure execution of support activities);
- Crisis prevention, detection, and management;
- Legal compliance.

Cegedim Group's main clients adhere to recognized international standards, adopting the most stringent requirements in terms of IT system audit and control.

Since 2012, Cegedim has employed quality and internal control procedures in accordance with the ISAE 3402 (International Standard on Assurance Engagements) Type II standard, which is reviewed annually. This standard, which stemmed from the United States' Sarbanes-Oxley Act (SOX), requires the suppliers of companies applying it to be audited for financial risks too. The examination is carried out annually by a third-party auditor recognized by the Auditing Standards Board of the American Institute of Certified Public Accountants. The following companies and activities have earned the ISAE 3402 Type II standard:

- Cegedim IT for all its activities,
- Cegedim Activ' for its SaaS, managed services, and technical hosting activities,
- Cegedim SRH for all its activities,
- CETIP for all its activities,
- IGestion for all its activities.

Cegedim also applies several international standards, like ISO 27001, the information security standard; ISO 20000/ ITIL, the IT service management standard; ISO 9001, the quality management standard; and CMMI, the project management and software development program. The following companies and activities earned certifications:

- ISO 2700, 20000, ISO 270171, ISO 27018 for Cegedim.cloud's hosting and managed services at the data centers based in France,
- ISO 27001 and ISO 20000 for Cegedim Activ's SaaS, managed services, and technical hosting activities (France),
- ISO 27001 for pharmacy IT supply, support, and maintenance services at Cegedim RX (UK),
- ISO 27001 for healthcare industry IT supply, support, and maintenance services at INPS (UK).

Cegedim has obtained the following certifications to host personal health records:

- Certified to host personal health records (HDS certification) in France.

7.5 Key processes for financial and accounting information

Preparation of Group financial statements

The preparation of Cegedim Group financial statements comprises the following:

Centralized accounting of the companies of the Cegedim Group

The Cegedim Accounting Department prepares the company financial statements of subsidiaries in the French scope of the Group and oversees the entire process of preparing the consolidated financial statements. For newly-acquired companies and foreign subsidiaries, the Accounting Department established a standard reporting procedure for producing consolidation packages. At the same time, the Management Control Department verifies that key financial and operational data are reported monthly. The two departments routinely jointly check the consistency of their data.

The Group created a unit in 2005 dedicated specifically to international consolidation. The unit helps the Company ensure that the financial information from foreign subsidiaries is reliable and helps it adapt to new accounting regulations. Furthermore, this centralized consolidation process has made it possible to considerably reduce the time necessary to report international information.

The processes listed below help strengthen internal controls related to processing the financial and accounting information reported by the Cegedim Group.

Consolidation and financial reports: the Group's consolidated financial statements and financial reporting are prepared in accordance with the International Financial Reporting Standards (IFRS), based on the accounting data compiled under the responsibility of the operational entities' managers. The IFRS Standards and IFRIC interpretations used are those adopted by the European Union. The main issues in relation to the Financial Report are subject to specific procedures. These notably include annual impairment tests of Company assets, the assessment of the financial liquidity risk, the measurement of employee benefits, taxes, and commitments not recorded in the balance sheet. The consolidated financial statements are reviewed by the Audit Committee and approved by the Board. The Group's accounts are published semiannually, and consolidated revenue is published quarterly. The accounts are subject to an annual audit and a limited half-year review by the Statutory Auditors of the Group.

Budget, management control: every year, each operating unit submits its strategy and annual budget for the upcoming year, along with a three-year forecast, to Senior Management. Once validated, this information is integrated into the business plan submitted to the Audit Committee and the Group's Senior Management. Quantitative and qualitative objectives are then assigned to the operating unit managers as a basis for assessing their annual performance. The budget monitored regularly.

Investments/Disposals: all investments and disposals (equity investments, launch of new business activities, as well as any other financial commitment, rights purchases, real estate contract, etc.) are subject to the Senior Management's prior authorization. Transactions exceeding €20 million are submitted to the Audit Committee. The Finance and Investment Department examines case files and prepares reports.

Control and enhancement of financial and accounting information by Management Control

The data supplied by the Accounting Department is systematically reconciled with the work done by the Management Control Department, whether through regular analytical monitoring of the activities, budgetary control, or inspection reports. This information forms the basis for the operating reports prepared by Management Control, allowing for regular tracking of key indicators.

IT tools used to prepare financial and accounting information

Cegedim has a policy of upgrading its IT tools to ensure optimum availability, integrity, conformity, and auditability of its financial and accounting data.

Cegedim regularly acquires new tools to ensure necessary internal consistency and give management exactly the information they need to steer the Group. This process is directly overseen by the Deputy Managing Director, assisted by a project manager who liaises with the Accounting Department and the Management Control Department. The statutory consolidation tool and the international reporting tool are common to all Group entities. They are supplemented by a business intelligence tool allowing more detailed analysis of analytic information.

Preparation of Group financial statements (following)	**Key elements of the legal and operational control exercised by the parent company over the subsidiaries** Main disputes are directly handled by the Group's Legal Department. Senior Management also monitors the most sensitive disputes and is kept informed at all times by the Group's Legal Department of the status and the various stages of the dispute. The Audit Committee is regularly kept informed. **Control of commitments** The General Corporate Affairs office of the Group's Legal Department handles the central supervision of authorizations and delegations of authority and makes sure, when they are established, that they are limited in accordance with the Group's internal rules regarding commitments.
The annual budgeting process	Each year, the business unit directors present the annual budget for the activities under their responsibility to Senior Management. To prepare these budgets, Management Control provides any assistance the operational managers might need, guides their work to ensure overall consistency, and records the key assumptions so they can be tracked during the year.
Operational management control	Management Control is responsible for preparing monthly reports for all Group subsidiaries, including their annual forecasts and their budget tracking. These reports are systematically sent to the Group's Senior Management so that they can identify underlying performance trends for each entity and recommend any corrective measures if need be.
Control of operations management	Control of the Group's operations management covers three areas: – The annual budgeting process; – The monthly management reports and updates to annual forecasts; – The ad hoc inspections of the Group's departments and subsidiaries. These procedures cover all Group departments and subsidiaries. Furthermore, when new acquisitions are made, Cegedim has a standard integration process to ensure that operational synergies and the reporting necessary for management and Management Control in accordance with the current standards are implemented as quickly as possible.

08

Shareholders' meeting

8.1 Draft resolutions

Ordinary shareholders' meeting held on June 17, 2020

First resolution	The General Meeting, having listened to the Board of Directors' management report and the Statutory Auditors' report on the annual financial statements, approves the annual financial statements for the financial year ended December 31, 2019, as presented. It also approves the transactions evidenced by these financial statements or summarized in these reports. Accordingly, it fully and unreservedly discharges the directors from liability for the performance of their duties for said financial year. The General Meeting approves the expenses not deductible for tax purposes covered by Article 39-4 of the French General Tax Code amounting to €539,354 as well as the corresponding tax amounting to €185,700.
Second resolution	The General Meeting decides to appropriate the loss for the financial year amounting to €9,080,892.60 in full to the Other Reserves account. The shareholders note that no amounts have been distributed as dividends for the past three financial years.
Third resolution	The General Meeting, after having listened to the Statutory Auditors' report on the consolidated financial statements as at December 31, 2019, approves the consolidated financial statements for said financial year. It also approves the transactions evidenced in these financial statements or summarized in the Management Report.
Fourth resolution	The officers of the shareholders' meeting then note that, for the approval of agreements covered by Article L. 225-38 et seq. of the French Commercial Code, the meeting satisfies the quorum requirement of more than one fifth of the shares with voting rights being present or represented, it being specified that the shares of the persons with an interest in these agreements are excluded from the calculation of the quorum and the majority voting requirement. Accordingly, the shareholders may deliberate on the application of these agreements.
Fifth resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: Mr. Laurent LABRUNE, Deputy Managing Director and member of the Board and Ms. Aude Labrune member of the board. Nature and purpose: temporary transfer of the usufruct on shares in SCI DU 114 RUE D'AGUESSEAU BUREAU. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.

Sixth resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: SCI DU 14 RUE D'AGUESSEAU BUREAU Person concerned: Mr. Jean-Claude Labrune, Manager of SCI DU 114 RUE D'AGUESSEAU BUREAU. Nature and purpose: Under the first amendment of the off-plan lease agreement signed by both parties, SCI DU 114 RUE D'AGUESSEAU BUREAU has granted the Company a commercial lease for the office building situated at 114-116 bis rue d'Aguesseau, Boulogne-Billancourt (Hauts de Seine), France. The lease is for a twelve-year period from January 1, 2009 to December 31, 2020, and includes a waiver of the option to terminate the lease at the end of each three-year period and is for a rent of €950,314 for 2019. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.
Seventh resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: FCB, a member of the Board and shareholder holding more than 10% of voting rights. Person concerned: – Mr. Jean-Claude Labrune, Chairman of the Supervisory Board of FCB – Ms. Aude Labrune, – M. Laurent Labrune – FCB represented by Mr. Pierre Marucchi. Nature and purpose: Contract for services in strategic consulting, human resources, marketing, finance, budget, and internal information systems: €1,961,093 excluding VAT in 2019. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.
Eighth resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: GERS SAS Person concerned: Mr. Jean-Claude Labrune, Chairman of GERS SAS Nature and purpose: Guarantee Agreement: Cegedim has undertaken jointly and severally with its subsidiary GERS SAS to guarantee, to an unlimited amount, the payment of all sums of a compensatory nature (such as penalties, indemnities, interest on late payments, etc.) claimed from GIE GERS by Datapharm under contractual obligations and/or any compensation arising from the supply by GIE GERS to the future GERS SAS of data provided by Datapharm. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.

Ninth resolution	**Agreement authorized by the Board of Directors on June 28, 2018** The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. <u>Contracting party:</u> FCB a member of the Board and shareholder with more than 10% of voting rights. Person concerned: – Mr. Jean-Claude Labrune, Chairman of the Supervisory Board of FCB, – Ms. Aude Labrune, – Mr. Laurent Labrune – FCB, a member of the Board and shareholder with more than 10% of voting rights, represented by Mr. Pierre Marucchi. <u>Nature and purpose:</u> Subordination Agreement limiting the repayment to FCB of the principal due under the Subordinated Shareholder Loan following the establishment in 2018 of a revolving credit facility. <u>Motive:</u> Subordination Agreement between FCB and Cegedim limiting the repayment to FCB of the principal owed by Cegedim under the Subordinated Shareholder Loan which improves the financing conditions of the revolving credit facility.
Tenth resolution	The General Meeting sets the annual amount of fees to be apportioned between the directors for the current fiscal year at €148,000.
Eleventh resolution	The General Meeting, having reviewed the Board of Directors' report, authorizes the Board of Directors, in accordance with the provisions of Articles L. 225-209 and following of the French Commercial Code, to purchase the Company's shares. The purchases of shares, which may not represent more than 10% of the Company's share capital, may be made at any time and by all available means, either on or off-market, in private transactions, or through the use of options, or, if applicable, by any third party acting on behalf of the Company, including by an investment service provider acting under a liquidity agreement in accordance with a code of conduct recognized by the Autorité des Marchés Financiers (French financial markets authority), in accordance with the provisions of the last subsection of Article L. 225-206 of the French Commercial Code. This authorization would make it possible to allot Company shares to salaried employees of Cegedim Group in accordance with Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code. The Company must, in accordance with the legal provisions, have reserves not available for distribution, other than the legal reserves, that are at least equal to the value of all the shares that it owns directly. The maximum unit purchase price is set at €75. This authorization is given for a period of eighteen (18) months expiring on December 16, 2021. It cancels and replaces the authorization granted by shareholders at the Ordinary General Meeting of June 19, 2019, and shall become null and void during the period of a public offer. The General Meeting grants full powers to the Board of Directors, with the option to delegate these powers, to implement this authorization, approve any stock market order, enter into any agreement, including an AFEI liquidity agreement, carry out all formalities and declarations with all bodies and, generally, do whatever is necessary to execute the decisions that it may have taken pursuant to this authorization.
Twelfth resolution	The General Meeting notes that the compensation and benefits in kind paid to the corporate officers were proposed by the Compensation Committee to the Board of Directors which is submitting them with no change for a vote by the shareholders, and approves them as they appear in Chapter 2, Section 2.5 "Compensation policy" of the Universal Registration Document.

Thirteenth resolution	The General Meeting notes that the compensation and benefits in kind paid to the corporate officers were proposed by the Compensation Committee to the Board of Directors which is submitting them with no change for a vote by the shareholders, and approves them as they appear in Chapter 2, Section 2.5 "Compensation policy" of the Universal Registration Document. As a reminder, the only compensation paid to corporate officers for their mandates is the Directors' fees allocated to the Board of Directors, which totaled € 156,000.

fourteenth resolution	The General Meeting gives full powers to the bearer of an original, copy or excerpt of the minutes of this Meeting to carry out all necessary formalities.

8.2 Statutory Auditors’ special report on regulated agreements

This is a free translation into English and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

CEGEDIM

General Meeting called to approve the financial statements for the financial year ended December 31, 2019

To Cegedim’s General Meeting,

In our capacity as Statutory Auditors of the Company, we hereby report to you on regulated agreements.

The terms of our engagement do not require us to identify such agreements, if any, but to inform you, based on the information provided to us, of the principal terms and conditions, as well as the motives proving the interest for the Company of those agreements brought to our attention, without expressing an opinion on their usefulness or appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in concluding these agreements, for the purpose of approving them.

We are also required, if necessary, to provide you with information stipulated in Article R. 225-31 of the French Commercial Code relating to the application of agreements during the past financial year, already approved by the General Meeting.

We carried out the procedures that we deemed necessary in accordance with the professional standards of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) regarding this assignment. These procedures consisted of verifying the consistency of the information provided to us with the source documents from which it was extracted.

AGREEMENTS SUBMITTED TO THE GENERAL MEETING FOR APPROVAL

Agreements authorized and concluded during the past financial year

We inform you that we have not been given notice of any authorized agreement concluded during the past financial year to be submitted to the approval of the general meeting in application of the provisions of article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements already approved by the General Meeting and still in force in the past financial year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Meeting in previous years, remained in force in the past financial year.

1. **With SCI DU 114 RUE D’AGUESSEAU**

Nature and motive:

On December 23, 2008, SCI DU 114 RUE D’AGUESSEAU BUREAU and the Company officially accepted the completion of construction work on the office building located at 114-116 bis rue d’Aguesseau in Boulogne-Billancourt (Hauts de Seine), France. This building is the subject of an off-plan lease signed between the two parties.

Under amendment 1 to said off-plan lease, SCI DU 114 RUE D’AGUESSEAU BUREAU has granted the Company a commercial lease for the office building situated at 114-116 bis rue d’Aguesseau, Boulogne-Billancourt (Hauts de Seine), France, for a duration of twelve years, from January 1, 2009 to December 31, 2020, with waiver of the option to terminate the lease at the end of each three-year period.

Person:

Mr. Jean-Claude LABRUNE, (Deputy Managing Director and member of the Board of Cegedim, manager of SCI DU 114 RUE D’AGUESSEAU BUREAU)

Terms:

Rent of €950,314 (excluding expenses) paid in 2019.

2. **With Ms. Aude Labrune, (member of the Board and Mr. Laurent Labrune, Deputy Managing Director and member of the Board).**

- Nature, motive and terms:
- Temporary transfer to Cegedim of the usufruct on shares in SCI DU 114 RUE D'AGUESSEAU BUREAU:
- 198 shares whose beneficial and legal ownership is separated, belonging in equal parts to Ms. Aude Labrune and Mr. Laurent Labrune,
- Duration of the transfer of usufruct: 18 years, from October 9, 2006, until October 8, 2024.

3. **With GERS SAS**

- Nature, motive and terms:
- Cegedim has undertaken jointly and severally with its subsidiary GERS SAS to guarantee, to an unlimited amount, the payment of all sums of a compensatory nature (such as penalties, indemnities, interest on late payments, etc.) claimed from GIE GERS by Datapharm under agreed contractual obligations and/or any compensation arising from the supply by GIE GERS to the GERS SAS of data provided by Datapharm.
- Person:
- Mr. Jean-Claude LABRUNE, Chairman of GERS SAS and Deputy Managing Diretcor and Diretcor of the Board of Cegedim).

- **4. With FCB S.A. – Contract of services,**
- Nature and motive:
- Contract for services in strategic consulting, human resources, marketing, finance, budget, and internal information systems.
- Terms:
- Services worth €1,961,093 excluding tax were paid for 2019.
- Person:
- Mr. Jean-Claude Labrune (Chairmaon of Cegedim's board and Chairman of FCB's Supervisory Board), Ms. Aude Labrune (Board member of Cegedim and Chairman of the Executive Board of FCB and shareholder of FCB), Mr. Laurent Labrune (Deputy managing director of Cegedim and Board member of Cegedim and Member of the Executive Board of FCB), and Mr. Pierre Marucchi (Managing Director of Cegedim and FCB representative and Vice-Chairman of the Supervisory Board of FCB).

- **5. With FCB S.A. - Subordination agreement**

Nature and terms:

Subordination agreement limiting the repayment to FCB of the principal due under the Subordinated Shareholder Loan following the establishment of a revolving credit facility.

Person:

Mr. Jean-Claude Labrune (Chairmaon of Cegedim's board and Chairman of FCB's Supervisory Board), Ms. Aude Labrune (Board member of Cegedim and Chairman of the Executive Board of FCB and shareholder of FCB), Mr. Laurent Labrune (Deputy managing director of Cegedim and Board member of Cegedim and Member of the Executive Board of FCB), and Mr. Pierre Marucchi (Managing Director of Cegedim and FCB representative and Vice-Chairman of the Supervisory Board of FCB).

Reason:

Agreement between FCB and Cegedim limiting the repayment to FCB of the principal owed by Cegedim under the Subordinated Shareholder Loan in order to improve the financing conditions of the revolving credit facility put in place in 2018.

The Statutory Auditors

Paris La Défense, March 19, 2020	*Paris La Défense March 19, 2020*
KPMG S.A.	Mazars
Vincent de Becquevort Partner	Jean-Philippe Mathorez Partner

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Additional information

9.1 General information about Cegedim

Registered company name and trade name of the issuer	The issuer's registered name is: Cegedim. The issuer's trade names are: Cegedim Dendrite – division TVF, Cegedim Dendrite – Santesurf Division, Cegedim Pharma CRM division, Cegedim Relationship Management, Cegedim Relationship Management France, Cegedim Relationship Management Corp., Deskom, Cegers, Rosenwald, and Cegedim Analytics.
Issuer's place of registration and number	Identified in the Nanterre Trade and Companies Register under number: 350 422 622, code APE 6311Z. Legal entity identifier (LEI): 9695002XQWX9TKCOZT86
Date of incorporation and length of life of the issuer	Cegedim SA was incorporated on August 27, 1969. On April 18, 1989, FCB was incorporated for a term of 99 years. On December 26, 1994, the holding company at that time merged with Cegedim SA and took on its corporate name.
Registered office and legal form of the issuer, legislation governing Cegedim business activities	Cegedim SA is a société anonyme (a French corporation) with a Board of Directors and share capital of €13,336,506.43. Since November 29, 2016, its registered office has been located at 129-137, rue d'Aguesseau, 92100 Boulogne-Billancourt, France. Its previous registered office was at 127, rue d'Aguesseau, 92100 Boulogne-Billancourt, France. Its telephone number is + 33 (0)1 49 09 22 00, and its fax number is + 33 (0)1 46 03 45 95. The company website can be found at www.cegedim.com. Its country of incorporation is France. The business activities of Cegedim SA are governed by the French law.
Corporate documents	All documents pertaining to the Company, in particular its bylaws, financial statements, and the reports presented at its Shareholders' Meetings by the Board of Directors or the Statutory Auditors, may be viewed at the Company's registered office.
Cegedim's corporate purpose	According to article 2 of the bylaws, the Company's corporate purpose is: – The acquisition of stakes or equity interests in companies or enterprises with activities involving data processing, studies, and marketing; – The provision of various services in various fields; – Economic and social studies of all kinds in various fields, particularly statistical, financial, commercial and legal studies, market research, opinion polls, surveys of all kinds and in all fields, the creation and use of panels, public relations, advertising, and calculations of all kinds; – The organization and management of companies and their data by the most diverse means; – Documentation using all means and in all fields, notably science, the economy, society, and statistics, etc.; – Marketing, particularly the penetration of various markets, including all the activities required for this kind of market penetration;

Cegedim's corporate purpose (ctd)	– All activities involving information and its processing, information technologies and machine processing, and all aspects of their design and use in various fields; – All administrative, financial, accounting, and management services for the Company's subsidiaries, affiliates and any third-party firm; – The acquisition, subscription, and management of all securities; – All industrial, commercial and financial, securities and real estate operations that may be directly or indirectly related to the corporate purpose and all similar or related purposes; – The acquisition by the Company, by all means, of equity interests in all enterprises or companies created or to be created related to the corporate purpose, particularly through the creation of new companies, equity contributions, general partnerships, the subscription or acquisition of securities or corporate rights, mergers, alliances or joint ventures or economic interest groups or lease management systems.

Persons responsible for the audit of the financial statements

Principal Statutory Auditors	**Mazars** Represented by Mr. Jean-Philippe Mathorez, Exaltis, 61, rue Henri-Regnault – 92400 Courbevoie. Reappointment during the 2019 General Meeting held to approve the 2018 financial statements for a term of six years until the 2025 General Meeting held to approve the 2024 financial statements. **KPMG,** Represented by Mr. Vincent de Becquevort, Tour EQHO – 2, avenue Gambetta 92066 Paris La Défense. Appointment during the 2019 General Meeting held to approve the 2018 financial statements for a term of six years until the 2025 General Meeting held to approve the 2024 financial statements.

9.2 Information regarding share capital

share capital	
Number of shares	**Share capital as of December 31, 2019.** The Company has a share capital of €13,336,506.43, comprising 13,997,173 fully paid shares. The shares have a par value of €0.9528.
Modification of capital and rights attached to shares	**Shares not representing capital** There are no shares not representing capital. **Total convertible or exchangeable securities or securities with warrants** There are no convertible or exchangeable bonds or bonds redeemable for shares or warrants or any other securities likely to increase the share capital. **Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid up or any undertaking to increase share capital** None **Information about the capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option** None
Control of Cegedim	**Cegedim is controlled by FCB and Jean-Claude Labrune, as indicated in the Universal Registration Document.** The following mechanisms are in place to ensure that control is not exercised in an abusive manner: see "Internal control contributors" in Chapter 7 "Risk management", section 7.4 "Internal control"; "Independent directors" in Chapter 2 "Governance", section 2.2 "Composition of the Board of Directors" and section 2.4 "Board committee operating procedures" on the Audit, Strategy, Nomination and Remuneration committees.
Change of Control	**Agreements which may at a subsequent date result in a change of control** At the date of filing of this Registration Document and to the best of the Company's knowledge, there are no agreements which, when implemented, could, at a subsequent date, result in a change in its control.
Shareholders' agreements	On February 13, 2018, Bpifrance sold 12% of Cegedim shares on the financial market. As part of the transaction, the shareholders' agreement dated October 28, 2009, between Jean-Claude Labrune, FCB (the family holding controlled by M. Jean-Claude Labrune), and Bpifrance was terminated, as was the agreement between the parties to act in concert.

Share capital history

Date	Transaction	Number of shares: Created	Number of shares: After transactions	Premiums (in euros)	Capital (in euros)	Par value (in euros)
	Initial number of shares	488,300	-	-	-	15.24
Dec. 1994	Takeover of Cegedim (1)	6,594	494,894	3,308,684.72	7,544,610.39	15.24
	Four-for-one stock split	1,484,682	1,979,576	-	7,544,610.39	3.81
	Capital increase	120,000	2,099,576	7,090,892.39(2)	8,001,957.45	3.81
Apr. 1998	Four-for-one stock split	6,298,728	8,398,304	-	8,001,957.45	0.9528063
Dec. 2000	Conversion of capital into euros (3)	-	8,398,304	-	8,001,904.05	0.9528
Dec. 2000	Capital increase through contribution in kind	891,112	9,9289,416	70,900,927.60(4)	8,891,004.61	0.9528
Dec. 2000	Capital increase through cash contribution	42,033	9,331,449	73,910,793.03(5)	8,891,004.61	0.9528
Dec. 2009	Capital increase through cash contribution	4,665,724	13,997,173	-	13,336,506.34	0.9528

1) FCB, which, since it was founded in 1989, has held 98.61% of Cegedim, merged with Cegedim on December 26, 1994, and took over its name. This internal operation was carried out on the basis of the companies' book value.

2) Cumulative 1994 merger premium, and €3,782,207.67 in issue premium.

3) When the share capital was converted into euros, the par value of the share was set at €0.9528. The conversion rounding based on 8,398,304 shares (i.e. €53.40) resulted in a capital reduction allocated to the non-distributable reserves.

4) The cumulative premiums mentioned in (2) are increased by the contribution premium of €63,810,035.2.

5) The cumulative premiums mentioned in (3) are increased by the issue premium of €3,009,865.44.

Shareholders owning more than 5% of capital or voting rights

To the best of the Company's knowledge,

- **at December 31, 2018**, the shareholders owning more than 5% of capital or voting rights are FCB, FMR LLC, and DNCA Investments. FCB holds 52.9% of Cegedim shares and 67.7% of voting rights.
- **at the date of filing this Registration Document,** the shareholders owning more than 5% of capital or voting rights are FCB, FMR LLC and DNCA Investments. FCB holds 52.9% of Cegedim shares and 67.7% of voting rights

FCB is a French public limited company (société anonyme or SA) with a Supervisory Board and a Management Board with capital of €475,560 (registered in the Trade and Companies Register of Nanterre under number 340 651 132). The majority of its capital is held by Jean-Claude, Laurent and Aude Labrune. It is an active holding company;

FMR LLC is a holding company owned by an independent group of portfolio management companies commonly known as Fidelity Investments.

DNCA Investments is a French independent portfolio management company.

The latest reported changes in beneficial ownership are as follows:

September 13, 2019
Caisse des dépôts (CDC), through CDC Croissance (ex CDC EVM) crossed the 5% threshold of capital and voting rights, with 5.01% of shares and 5.12% of voting rights, after acquisition of shares on the market by CDC Croissance and indirectly through the shareholding by Bpifrance participations(1). The shares and voting rights are distributed as follows:

	% of shares	% of voting rights
CDC directly	0.00%	0.00%
Bpifrance Participations	2.99%	3.84%
CDC Croissance	2.02%	1.28%
Total CDC	5.01%	5.12%

The latest reported changes in beneficial ownership are as follows: (ctd.)

September 10, 2019

Caisse des dépôts (CDC), through CDC Croissance (ex CDC EVM) crossed the 5% threshold of voting rights, with 4.85% of shares and 5.03% of voting rights, after acquisition of shares on the market by CDC Croissance and indirectly through the shareholding by Bpifrance participations[1]. The shares and voting rights are distributed as follows:

	% of shares	% of voting rights
CDC directly	0.00%	0.00%
Bpifrance Participations	2.99%	3.84%
CDC Croissance	1.86%	1.19%
Total CDC	4.85%	5.03%

March 22, 2019: DNCA Investments

DNCA Investments declared that it crossed below the 5% threshold of capital following the off-market sale of its shares. DNCA Investments reported that it owns 4.99% of shares and 3.2% of voting rights.

May 24, 2018: DNCA Investments

DNCA Investments declared that it crossed below the 6% threshold of capital following the off-market sale of its shares. DNCA Investments reported that it owns 5.8% of shares.

February 14, 2018: DNCA Investments

DNCA Investments reported crossing the threshold of 5% of shares and 3% of voting rights after Bpifrance Participations sold a block of shares via an accelerated bookbuilding process on February 13, 2018. DNCA Investments reported that it owns 6.1% of shares and 3.9% of voting rights.

February 15, 2018: Bpifrance Participations

Bpifrance Participations reported that it had crossed below the thresholds of 15%, 10%, and 5% of shares, and of 15%, 10%, and 5% of voting rights as a result of the operation to sell a portion of its Cegedim shares on February 13, 2018. Bpifrance Participations reported that it owns 3.0% of shares and 3.85% of voting rights. Bpifrance Participations has committed to retaining a 3% stake in Cegedim until October 28, 2019.

February 15, 2018: The parties to the shareholders' agreement–FCB, Jean-Claude Labrune and Bpifrance Participations

The parties to the shareholders' agreement–FCB, Jean-Claude Labrune and Bpifrance Participations–reported that they had crossed below the threshold of 2/3 of shares and had dissolved the agreement of October 28, 2009, following Bpifrance Participations' sale of 12% of Cegedim's shares as part of an accelerated bookbuilding process on February 13, 2018.

February 15, 2018: FCB

FCB reported crossing the threshold of 66% of voting rights. FCB did not alter its stake, but it did report that due to the cancellation of double voting rights attached to the shares sold by Bpifrance Participations on February 13, 2018, the shareholders' agreement had crossed below the threshold of individual voting rights, while its own holding had crossed above the threshold. In other words, the percentage of voting rights rose automatically. After the operation, FCB held 52.7% of shares and 67.5% of voting rights.

Ownership structure

Shareholders

In accordance with article L. 233-13 of the French Commercial Code, and given the information and notifications received pursuant to articles L. 233-7 and L. 233-12 of this Code, the table below shows the capital and voting rights of the shareholders (individuals or legal entities) who directly or indirectly hold more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths, or nineteen-twentieths of the share capital or voting rights at December 31, 2019.

As of February 29, 2020

There was no significant change in the ownership structure between February 29, 2020, and the date of publication of this Universal Registration Document.

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,430,368	53.08%	44,779	7,385,589	14,771,178	14,815,957	67.89%
Bpifrance participations	384,711	2.75%	0	384,711	769,422	769,422	3.53%
Free float(1)	6,022,568	43.03%	5,966,656	55,912	111,824	6,078,480	27.85%
Cegedim(2)	159,526	1.14%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**6,011,435**	**7,826,212**	**15,652,424**	**21,663,859**	**99.27%**

(1) The free float includes the shares held by corporate officers and Board director (Jean-Pierre Cassan, Sandrine Debroise, Marcel Kahn, Aude Labrune, Jean-Claude Labrune, Laurent Labrune, Pierre Marucchi, Nicolas Giraud, Béatrice Saunier et Catherine Abiven), i.e. 17,760 shares or 0.13%. The detail of the corporate officers' and Board directors' holdings is presented in Chapter 2 section 2.2 "Other information on board members" on page 50 of this document.

(2) Including the liquidity contract.

As of December 31, 2019

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,430,368	53.08%	44,779	7,385,589	14,771,178	14,815,957	67.78%
Bpifrance participations	419,915	3.00%	0	419,915	839,830	839,830	3.84%
Free float(1)	6,016,658	42.98%	5,960,392	56,266	112,532	6,072,924	27.78%
Cegedim(2)	130,232	0.93%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**6,005,171**	**7,861,770**	**15,723,540**	**21,728,711**	**99.40%**

(1) The free float includes the shares held by corporate officers and Board director (Jean-Pierre Cassan, Sandrine Debroise, Marcel Kahn, Aude Labrune, Jean-Claude Labrune, Laurent Labrune, Pierre Marucchi, Nicolas Giraud, Béatrice Saunier et Catherine Abiven), i.e. 20,601 shares or 0.15%. The detail of the corporate officers' and Board directors' holdings is presented in Chapter 2 section 2.2 "Other information on board members" on page 50 of this document.

(2) Including the liquidity contract.

As of December 31, 2018

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,407,411	52.92%	36,669	7,370,742	14,741,484	14,778,153	67.69%
Bpifrance participations	419,915	3.00%	0	419,915	839,830	839,830	3.85%
Free Float(1)	6,034,255	43.11%	5,990,666	43,589	87,178	6,077,844	27.84%
Cegedim(2)	135,592	0.97%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**6,027,335**	**7,824,246**	**15,668,492**	**21,695,827**	**99.38%**

(1) The free float includes the shares held by corporate officers and Board directors (excluding FCB and Bpifrace), i.e. 22,121 shares or 0.16%.

(2) Including the liquidity contract.

As of December 31, 2017

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.70%
Bpifrance participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.89%
FCB and Bpifrance participations agreement subtotal	**9,477,952**	**67.71%**	**14,847**	**9,463,105**	**18,926,210**	**18,941,057**	**80.59%**
Free float(1)	4,506,815	32.202%	4,462,931	43,884	87,768	4,550,699	19.36%
Cegedim(2)	12,406	0.09%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**4,477,778**	**9,506,989**	**19,013,978**	**23,491,756**	**99.95%**

(1) The free float includes the shares held by corporate officers and Board directors (excluding FCB and Bpifrace), i.e. 26,721 or 0.19%.
(2) Including the liquidity contract.

Treasury shares

At the end of 2019, the Company owned 130,232 treasury shares. During that financial year, excluding operations within the framework of the liquidity contract, Cegedim acquired 12,042 shares on the market as part of its free share award plan. This involved the transfer by the Company of 13,972 treasury shares. The Company did not proceed with any transactions for the sale of treasury shares in 2019.

The Company has set up a €500,000 liquidity contract with Kepler Cheuvreux. As of December 31, 2019, the contract involved 10,000 Cegedim shares and €98,615.55 in cash.

Between December 31, 2019, and the date of the publication of this Universal Registration Document, Cegedim acquired 60,000 shares on the market as part of its free share award plan. The Company did not proceed with any transaction for the sale of treasury shares during this period, apart from the award of free shares.

Stock market information

Stock market indicators

Cegedim shares

Cegedim is listed on Euronext Paris, compartment B.

ISIN code: FR0000053506

Reuters ticker: CGDM.PA

Bloomberg ticker: CGM

Cegedim's share price is available on the Company's website: Cegedim.com, subject to a short time delay.

Stock market performance as of December 31, 2019

Cegedim shares performed positively in 2019. The closing price at the end of December 2019 was €29.00, up 46.8% over the period. During 2019, the lowest price was €19.05 on January 3, 2019, and the highest price was €29.85 on December 2, 2019.

Stock market performance over the past five years

January - December	2015	2016	2017	2018	**2019**
Closing price	32.00€	26.20	33.18	19.75	29.00
Average for the period	34.60€	25.09	29.67	32.63	26.07
High for the period	42.69€	32.73	34.00	44.50	29.85
Low for the period	29.18€	20.56	23.90	19.00	19.05
Market capitalization	447.9	366.7	464.4	276.4	405.9
Outstanding shares	14.0M	14.0M	14.0M	14.0M	14.0M

Shareholder relations

Cegedim's financial communication policy is to deliver rapid, relevant, and timely information on the company's performance to investors and the market.

One key element of communication with the market is the publication of financial results, for example the annual and quarterly reports.

Cegedim organizes conference calls to coincide with its financial press releases. Cegedim has regular contact with institutional investors through meetings and roadshows in Europe and the US.

Financial reporting policy

Straightforward, transparent, and clear.

Sustained roadshow program

Cegedim also meets with investors during roadshows held in the major financial centers in Europe (Madrid, London, Paris, Geneva, Frankfort, Lyon) and the US.

Provisional 2020 financial calendar

April 27, 2020: Q1 2020 revenue
June 17, 2020: Shareholders' meeting
June 25, 2020: Cegedim's Investor Day
July 28, 2020: H1 2020 revenue
September 17, 2020: H1 2020 earnings
September 18, 2020: SFAF meeting at the SFAF office
October 28, 2020: Q3 2020 revenue

Shareholder contacts

Jan Eryk Umiastowski
Chief Investment Officer
Head of Investor Relations
Tel: +33 (0) 1 49 09 33 36
Janeryk.umiastowski@cegedim.com

Related-party transactions

Regulated agreements	The regulated agreements that were submitted to the Board of Directors for prior approval are set forth in the Statutory Auditors' Special Report included in Chapter 8 of this Universal Registration Document. Note 19 to Section 4.6 of Chapter 4 of this Universal Registration Document provides a detailed breakdown of transactions with related parties. To date, no new agreements have been authorized.

9.3 Persons responsible

Person responsible for the Universal Registration Document	Jean-Claude Labrune Chairman & CEO of Cegedim S.A.
Person responsible for the information	Jan Eryk Umiastowski Chief Investment Officer & Head of Investor Relations
Statement of the person responsible for the Universal Registration Document	I hereby certify, that to the best of my knowledge, after taking all reasonable steps to this end, the information contained in this Universal Registration Document is true and fair and contains no omissions likely to alter its scope. I certify that, to my knowledge, the annual consolidated and parent company financial statements of Cegedim SA for the year ended December 31, 2019 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and results of the Company and the undertakings included in the consolidation, and that the Management Report (the cross-reference table for which is shown on page 280) includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings included in the consolidation and also describes the main risks and uncertainties to which they are exposed. I have obtained a statement from the Statutory Auditors, KPMG Audit and Mazars, confirming that they have audited the information contained in this document relating to the financial position and the financial statements contained herein, and that they have read this document in its entirety. Boulogne-Billancourt, March 25, 2020 Jean-Claude Labrune | Chairman & CEO | Cegedim SA

9.4 Documents on display

Documents on display	Corporate documents (financial statements, minutes of Shareholders' Meetings, attendance registers for Shareholders' Meetings, list of Directors, Statutory Auditors' reports, bylaws, etc.) for the last three financial years may be consulted at Cegedim Headquarters at 137 rue d'Aguesseau, 92100, Boulogne-Billancourt. The "Regulatory information" section of the Company's website is available at the following URL: https://www.cegedim.com/finance/documentation/regulated_information/Pages/default.aspx This area of the website contains all the regulatory information provided by Cegedim pursuant to the provisions of articles 221-1 et seq. of the French Financial Markets Authority (AMF) General Regulation.
Procedures for communicating regulatory information	Pursuant to obligations—applicable since January 20, 2007—to disclose regulatory information resulting from the implementation of the Transparency Directive in the AMF's General Regulations, Cegedim's Financial Communications Department oversees the proper and full disclosure of regulatory information. This information is filed with the AMF at the time of its disclosure and stored on the Cegedim website. Full and effective communication is carried out electronically in compliance with the criteria defined by the AMF's General Regulations, which require communication to a wide audience within the European Union and under conditions guaranteeing the security of the communication and information. Accordingly, Cegedim's Financial Communications Department has chosen to work with a professional communications agency satisfying the communication criteria set by EU Regulation No. 596/2014 on market abuse and the AMF's General Regulations. The communications agency is included on the list published by the AMF, thus benefiting from a presumption of full and effective communication.

9.5 Historical Financial Information

2019 Statutory Auditors' reports	The parent company financial statements for the year ended December 31, 2019 (and their comparative financial statements), and the consolidated financial statements for the year ended December 31, 2019 (and their comparative financial statements drawn up in accordance with IFRS), were audited by the Statutory Auditors. The Statutory Auditors' reports concerning the 2019 financial year are presented respectively in Chapter 5, Section 5.4 and Chapter 4, Section 4.7 of this Universal Registration Document.
2018 Statutory Auditors' reports	The reports for the 2018 financial year are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2019, under number D. 19-0230
2017 Statutory Auditors' reports	The reports for the 2017 financial year are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2018, under number D. 18-0219.

The 2018 and 2017 reports and the accompanying financial statements are incorporated by reference in this Universal Registration Document.

9.6 Reference table

Universal Registration Document

This reference table is based on the headings set out in Annex I and II of Delegated Regulation (EU) 2019/980 of the Commission of 14 March 2019 and refers to the pages of this universal registration document on which the relevant information can be found.

Management Report

This Universal Registration Document contains all elements of the management report as required by articles L. 225-100 et seq., L. 232-1, II and R. 225-102 et seq. of the French Commercial Code.

Corporate governance report

This Universal Registration Document contains contains all elements of the corporate governance report as required by articles L. 225-37 et seq. of the French Commercial Code.

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2019

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